

February 22, 2000

Utah Division of Oil, Gas & Mining P O Box 145801 Salt Lake City, UT 84114-5801

RE: APD's

Uintah County, Utah

Dear Sir(s):

Enclosed please find six (6) completed APD's, in triplicate, for the wells we are currently wishing to drill on our Fee acreage block. The surface is owned by the DWR and we have also sent a copy to their office in Salt Lake City as well as their Vernal office.

I hope you find everything in order but please do not hesitate to call should you have any questions whatsoever. Thank you for your continued support.

Sincerely,

Randolph L. Coy

President

RLC:jr enc.

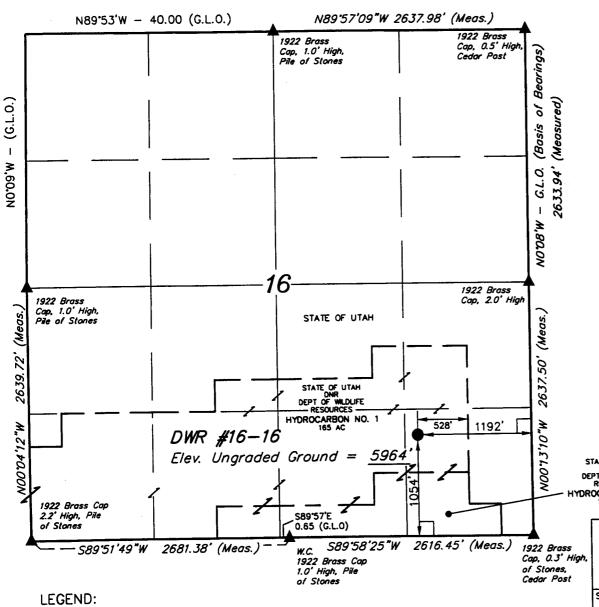
(utogm2rc)

€ TE OF UTAH DIVISION OF OIL GAS AND MINING

| | DIVISION OF O | IL GAS AND MININ | | 5. Lesse Designation and Serial Number: FIGE |
|--|---------------------------------------|-------------------------------|-----------------------|--|
| APPL | 6. If Indian, Allottee or Tribe Name: | | | |
| 1A. Type of Work: | 7, Unit Agreement Name: | | | |
| B. Type of Well: OIL | ONE (S. Farm or Lease Name: | | | |
| 2. Name of Operator: RANKEN ENERG | Y CORPORATION | | | 9. Well Number: Ranken Energy DWR 16-16 |
| 3. Address and Telephone Num 417 W. 18th | St., Ste. 101 Edr | nond, OK 73013- | 3663 405/340-2 | 10. Field and Pool, or Wildcat: |
| Location of Well (Footages) At Surface: At Proposed Producing Zone | 1054' FSL & I | | 4403238 N 641989 E | 11. Or/Or, Section, Township, Range, Mendian: SE/4 SE/4 Section 16-T12S-R23E |
| 14. Distance in miles and direct | don from nearest town or post office: | | | 12. County: 13. State: UTAH Uintah |
| 15. Distance to nearest property or lease line (feet): | 528' | 16. Number of acres in lease | e: | 17. Number of acres assigned to this well: |
| 18. Distance to nearest well, dr completed, or applied for, of | | 19. Proposed Depth: 3500 * | | 20. Rotary or cable tools: Rotary |
| 21. Devations (snow whether D | F, RT, GR, etc.): 5964 ' (| Ground Level | | 22. Approximate date work will start: April 15, 2000 |
| 23. | PROPO | DSED CASING AND | CEMENTING PRO | |
| SIZE OF HOLE | GRADE, SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
| 12 1/4" | 8 5/8" | 24 | 3001 | To surface |
| 7 7/8" | 4 1/2" | 10.5 | T.D. | Cement top to cover the oil shale |
| | | | | State |
| subsurface locations and measur Operator rec | ed and true vertical depths. Give blo | to drill the | | If proposal is to drill or deepen directionally, give peninent data on |
| 24. Rando Name & Signature: (This space for State use only) API Number Assigned: | Olph L. Coy 13-047-33489 | / Carp | Title: Pres. | Approved by the Utah Division of Oil, Gas and Mining |

(See Instructions on Reverse Side)

T12S, R23E, S.L.B.&M.

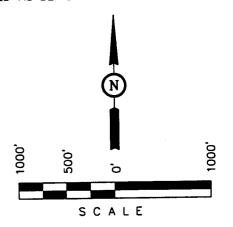


RANKEN ENERGY CORP.

Well location, DWR #16-16, located as shown in the SE 1/4 SE 1/4 of Section 16, T12S, R23E, S.L.B.&M. Uintah County, Utah.

BASIS OF ELEVATION

SPOT ELEVATION LOCATED AT THE SOUTHEAST CORNER OF SECTION 16, T12S, R23E, S.L.B.&M. TAKEN FROM THE ARCHY BENCH SE. QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5994 FEET.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT, WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME ON CORRECT OF BEST OF MY KNOWLEDGE AND BELIEF

STATE OF UTAH DNR DEPT OF WILDLIFE RESOURCES YDROCARBON NO. 2 155 AC

REGISTERED LAND SURVEYOR REGISTER TION NO. 181319

UINTAH ENGINEERING & LAND SURVEYING

85 SOUTH 200 EAST - VERNAL, UTAH 84078

(435) 789-1017

| 1" = 10 | 000' | | DATE SURVEYED: 01-20-00 | DATE DRAWN: 02-08-00 |
|---------------|------|--------|----------------------------|-------------------------|
| PARTY K.K. | R.W. | D.R.B. | REFERENCES G.L.O. PLA | AT |
| WEATHER | | | FILE | |
| COL | D | | RANKEN ENER | GY CORP. |

_ = 90' SYMBOL

= PROPOSED WELL HEAD.

= SECTION CORNERS LOCATED.

LATITUDE = 39'46'09"

LONGITUDE = 109°20'31"

RANKEN ENERGY CORPORATION

13 POINT SURFACE USE PLAN

FOR WELL

RANKEN ENERGY - DWR 16-16

LOCATED IN

SE/4, SE/4

SECTION 16-T12S-R23E, U.S.B&M.

UINTAH COUNTY, UTAH

LEASE NUMBER: FEE

SURFACE OWNERSHIP:

STATE OF UTAH
DIVISION OF WILDLIFE RESOURCES

1. Existing Roads

To reach the Ranken Energy Corporation well DWR 16-16, in Section 16-T12S-R23E, from Bonanza, Utah:

Starting in Bonanza, Utah, proceed south on the paved road for 4 miles. Turn south (left) on the Book Cliffs road (dirt road). Proceed south 3.9 miles to the Greeks Corrals. Turn west (right) at the fork in the road. Proceed 8.3 miles to the Asphalt Wash sign. Stay to the south (left) of the sign. Proceed .7 miles to the Rainbow sign. Stay to the west (right) of the sign. This is also called the Kings Well road. Turn south (left). Proceed 2.25 miles. Turn west (right). Proceed 4.0 miles. The proposed access road will start at this point.

All existing roads to the proposed location are State or County Class D roads.

Please see the attached map for additional details.

2. Planned access road

F) Fence crossing

The proposed location will require approximately 300 feet of new road construction on DWR ground.

The road will be built to the following standards:

| A) | Approximate length | 300 Ft. |
|----|--------------------|---------------|
| B) | Right of Way width | 30 Ft. |
| C) | Running surface | 18 Ft. |
| D) | Surfacing material | Native soil |
| E) | Maximum grade | 5% |

| G) | Culvert | None |
|----|----------------------|-----------|
| H) | Turnouts | None |
| I) | Major cuts and fills | None |
| J) | Road flagged | Yes |
| K) | Access road surface | ownership |

300'...... State of Utah, Division of Wildlife Resources

| L) | All new construction on lease | | |
|----|-------------------------------|------|--|
| | | Yes | |
| M) | Pipe line crossing | None | |

Please see the attached location plat for additional details.

Right of way's will be required for the access road. A right-of-way application for both the location and road has been made to the Division of Wildlife Resources.

3. Location of existing wells

The following wells are located within a one mile radius of the location site:

| A) | Producing well: | Ranken | Ene | ergy - |
|----|--------------------|--------|------|--------------|
| , | _ | DW | /R | 15-16 |
| B) | Water well | 1 | Vone | e |
| C) | Abandoned well | 1 | None | 2 |
| D) | Temp. abandoned | well 1 | None | 9 |
| E) | Disposal well | 1 | None | e |
| F) | Drilling/Permitted | well 1 | None | е |
| G) | Shut-in wells | 1 | None | e |
| H) | Injection well | 1 | None | е |
| I) | Monitoring or obs | er- | | |
| | vation well | 1 | None | e |

Please see the attached map for additional details.

None

4. Location of tank batteries, production facilities, and production gathering service lines.

All production facilities are to be contained within the proposed location site. Please see the attached plat plan for a typical gas well separator installation and well-site piping.

All permanent (on site for more than six months or longer) structures constructed or installed will be painted a Juniper Green or Desert Tan color. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded.

All tanks will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank in the battery. The integrity of the dike will be maintained.

If the well is capable of economic production, a surface gas line will be required.

A proposed line will be constructed from the subject well and will tie into Ranken's Meter (CDP) at their DWR 15-16 wellsite.

Approximately 300' of 2" or 4" gathering line would be constructed on DWR lands.

Please see the attached location diagrams and map for pipeline location. The Operator proposes to bury the line under the surface. The Operator will install the line on DWR lands only. The route would be approximately the same length.

A gas check meter run will be located within 500' of the well head. The gas line will be buried or anchored down from the well head to the meter. Meter runs will be housed and/or fenced.

The gas meter will be calibrated and the tank strapped in place prior to any deliveries. All measurement facilities will conform to API (American Petroleum Institute) and AGA (American Gas Association) standards for gas and liquid hydrocarbon measurement.

5. Location and type of water supply

Water for drilling and cementing the subject well will be trucked or piped from Bitter Creek in Sec. 28-T12S-R23E. Permit # T72132. A second location may be used. It would be Evacuation Creek permit #49-1595. The Evacuation Creek distribution point is in Sec. 7-T11S-R25E. Water for completion will come from the same supply or Vernal City.

Water may be used from two existing test wells next to Bitter Creek. The wells are adjacent to the water take out point. Water quality tests will have to be performed before the water can be used.

6. Source of construction materials

All construction material for this location site and access road shall be borrowed material accumulated during construction of the location site and access road. Additional road gravels or pit lining material will be obtained from private sources.

7. Methods for handling waste disposal

A) Pit construction and liners:

The reserve pit will be approximately 10 feet deep and most of the depth shall be below the surface of the existing ground. Please see the attached plat for details.

The reserve pit will be lined, if necessary.

The reserve pit will not be used to store water for drilling. A semiclosed system will be used to drill the well. All fresh water for drilling will come from a frac tank placed on location and from the rig tank. The pit will be used to hold non-flammable materials such as cuttings, salt, drilling fluids, chemicals, produced from fluids, etc.

B) Produced fluids:

Produced water will be confined to the reserve pit, or if deemed necessary, a storage tank for a period not to exceed 90 days after initial production. Produced water will be trucked to a State of Utah approved disposal pit or well.

C) Garbage:

A trash cage fabricated from expanded metal will be used to hold trash on location and will be removed to an authorized land fill location.

D) Sewage:

A portable chemical toilet will be supplied for human waste. The human waste facilities will be permitted through Uintah County
Health Department and disposal of
human waste will conform with the
county permit.

E) Site clean-up:

After the rig is moved off the location, the well site area will be cleaned and all refuse removed.

8. Ancillary facilities

There are no ancillary facilities planned at this time and none are foreseen for the future.

9. Well-site layout and location

The proposed location has been staked at 1054' FSL & 1192' FEL.

Well-site layout

Location dimensions are as follows:

| A) | Pad length | 300 ft. |
|----|---------------------|------------------|
| B) | Pad width | 150 ft. |
| C) | Pit depth | 10 ft. |
| D) | Pit length | 150 ft. |
| E) | Pit width | 50 ft. |
| F) | Max cut | 3.0 ft. |
| G) | Max fill | 2.0 ft. |
| H) | Total cut yds. | 4520 cu yds |
| I) | Pit location | east side |
| Ŋ | Top soil location: | south & south- |
| | • | west end |
| K) | Access road locatio | n: northeast end |
| L) | Flare pit | corner C |
| , | <u> </u> | |

Please see the attached location diagram for additional details.

All pits will be fenced according to the following minimum standards:

- A) Thirty-nine inch net wire shall be used with at lease one strand of wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.
- B) The net wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches above the net wire. Total height of the fence shall be at least 42 inches.
- C) Corner posts shall be cemented and/ or braced in such a manner to keep the fence tight at all times.
- D) Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 feet.
- E) All wire shall be stretched by using a stretching device before it is attached to the corner posts.

10. Plans for restoration of the surface

Prior to construction of the location, the top 6 inches of soil material will be stripped off the location and the pit area. The topsoil removed and piled will amount to approximately 1000 cubic yards of material. Topsoil will be stockpiled in one distinct pile. Placement of the topsoil is noted on the attached location plat. The topsoil pile from the location will be seeded as soon as the soil is stock piled with the seed mix listed. When all drilling and completion activities have been completed and the

pit back-filled, the topsoil from the pit area will be spread on the pit area. The pit area will be seeded when the soil has been spread. The unused portion of the location (the area outside the dead men) will be recontoured.

The dirt contractor will be provided with an approved copy of the surface use plan prior to construction activities.

Changes to the drainage during the construction activities shall be restored to its original line of flow or as near as possible when the pit is back-filled.

All disturbed areas will be recontoured to the approximate natural contours. Prior to back-filling the pit, the fences around the reserve pit will be removed.

The reserve pit will be reclaimed within 90 days of well completion. If the reserve pit has not dried sufficiently to allow back-filling, an extension on the time requirement for back-filling the pit will be requested. Once reclamation activites have begun, they shall be completed within 30 days.

After the reserve pit has been reclaimed, no depressions in the soil covering the reserve pit will be allowed. The objective is to keep seasonal rainfall and runoff from seeping into the soil used to cover the reserve pit. Diversion ditches and water bars will be used to divert run off as needed.

When restoration activities have been completed, the location site and new access road cuts and shoulders shall be reseeded. Prior to reseeding, all disturbed areas will be scarified and left with a rough surface.

A) Seeding Dates: Seed will be spread when the top soil is stock piled and when reclamation work is performed.

The seed mix and quantity required will be provided by the Division of Wildlife Resources.

B) Seed Mix: At such time as the well is plugged and abandoned, the Operator will submit a surface reclamation plan to the surface management agency for prescribed seed mixture and reseeding requirements.

11. Surface ownership:

Access road: DWR

Location:

State of Utah Division

of Wildlife Resources

Pipeline:

DWR

12. Other information

A) Vegetation:

The vegetation coverage is slight. The majority of the existing vegetation consists of sagebrush. Rabbit brush, bitter brush and Indian rice grass are also found on the location.

B) Dwellings:

There are no dwellings or other facilities within a one mile radius of the location.

C) Archeology and Paleontology:

The location has been surveyed with copies enclosed.

If, during operations, any archaeological or historical sites, or any objects of antiquity (subject to the antiquities act of June 8, 1906) are discovered, all operations which would effect such sites will be suspended and the discovery reported promptly to the surface management agency.

D) Water:

The nearest water is the Bitter Creek 1 mile west of the location.

E) Chemicals:

No pesticides, herbicides or other possible hazardous chemicals will be used without the Division of Wildlife Resources approval.

F) Notification:

The Division of Wildlife Resources and the Division of Oil, Gas and Mining will be notified as follows:

- a) Location construction
 At least forty-eight (48) hours
 prior to construction of location and access roads.
- b) Location completion

 Prior to moving on the drilling
 rig.
- c) Spud notice
 At least twenty-four (24) hours
 prior to spudding the well.
- d) Casing string and cementing
 At least twenty-four (24) hours
 prior to running casing and
 cementing all casing strings.

e) BOP and related equipment tests

At least twenty-four (24) hours prior to initial pressure tests.

- f) First production notice
 Within five (5) business days
 after the new well begins, or production resumes after well has
 been off production for more than
 ninety (90) days.
- g) Completion and work over At least twenty-four (24) hours prior to moving on location.

Division of Wildlife Resources (434)789-3103

Division of Oil, Gas and Mining (801)538-5340 or (435)722-3417

H) Flare pit:

The flare pit will be located in corner C of the reserve pit outside the pit fence and 85 feet from the bore hole on the southwest side of location. All fluids will be removed from the pit within forty-eight (48) hours of occurrence.

13. Leases or Operator's representative and certification

A) Representative

William A. Ryan

Rocky Mountain Consulting 350 South 800 East Vernal, UT 84078

Office: (435)789-0968 Fax (435)789-0970 Cellular (435)828-0968 All lease operations will be conducted in such a manner that full compliance is made with all applicable laws and regulations. The Operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

This drilling permit will be valid for a period of one year from the date of approval. After permit termination, a new application will be filed for approval for any future operations.

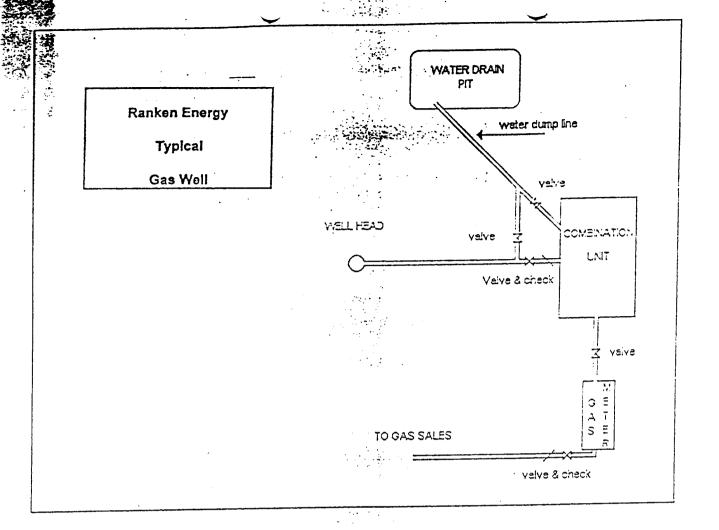
B) Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route, that I am familiar with the conditions which presently exist, that the statements made in this plan are, to the best of my knowledge and belief, true and correct, and that the work associated with the operation herein will be performed by Ranken Energy Corporation and its and subcontractors in contractors conformity with this plan and terms and conditions with this plan and the terms and conditions under which it is approved.

| William A. Ryan, Agent | |
|---------------------------|--|
| Rocky Mountain Consulting | |
| | |
| Onsite Date: | |
| Onsite Date. | |

(utah adps:dwr 16-16)

Date:



Ten Point Plan

Ranken Energy Corporation

Ranken Energy DWR 16-16

Surface Location: SE/4 SE/4 Section 16-T12S-R23E

1. Surface Formation:

Green River

2. Estimated Formation Tops and Datum:

| Formation | Depth | <u>Datum</u> |
|-------------|---------|--------------|
| Green River | Surface | +5964', G.L. |
| Oil Shale | 700' | +5264' |
| Wasatch | 2614' | +3350' |
| T.D. | 3500' | +2464' |

3. Producing Formation Depth:

Formation objective includes the Wasatch and their sub-members.

Offset Well Information:

Producing from a Wasatch sand found at 2000'.

Offset well:

Ranken Energy - DWR 15-16

4. Proposed Casing:

| Hole | Casing | Grade | Setting & Thread | Casing | New/ |
|--------|--------|-------------------|------------------|--------|------|
| Size | Size | <u>Weight/Ft.</u> | | Depth | Used |
| 12 1/4 | 8 5/8 | 24 | J-55/STC | 300 | New |
| 7 7/8 | 4 1/2 | 10.5 | J-55/LTC | T.D. | New |

Cementing Program:

| Casing Size | Cement Type | Cement Amount | Cement _Yield_ | Cement Weight |
|----------------|--|------------------|----------------|------------------|
| 8 5/8 | Prem. Plus 2% Calcium Chloride .25 lb/sx Flocele | 207 sx +/- | 1.20 cu. ft/sx | 15.6 lbs./gal |
| 4 1/2 | 2% Bentonite, .25 lb/sx Flocele, .3% CFR-3, .5% Halad-9, 2% Micro-Bond, .2% Super CBL | 670 sx +/- | 1.24 cu. ft/sx | 14.50 lbs/gal |

5. BOP and Pressure Containment Data:

The anticipated bottom hole pressure will be less than 3000 psi.

A 3000-psi WP BOP system as described in the BOP and Pressure Containment Data (attached) will be installed and maintained from the 8 5/8" surface casing. The BOP system including the casing will be pressure tested to the minimum standards set forth in "On Shore Order #2". The BOP will be mechanically checked daily during the drilling operation.

6. Mud Program:

| Interval | Mud weightlbs./gal | Viscosity Sec./Ot. | Fluid Loss M1/30 Mins. | Mud Type |
|-----------|--------------------|--------------------|------------------------|-----------|
| 0-300 | Air/Clean Wtr | | No control | Water/gel |
| 300-1800 | Clear Water | | No control | Water/gel |
| 1800-T.D. | 8.4 - 8.6 | 30 | 8 - 10 | Water/gel |

7. Auxiliary Equipment:

Upper Kelly cock, full opening stabbing valve, 2 1/2" choke manifold and pit level indicator.

8. Testing, Coring, Sampling and Logging:

a) Test:

None are anticipated.

b) Coring:

There is the possibility of sidewall coring.

c) Sampling:

Every 10' from 1900' to T.D.

d) Logging:

Type

Interval

DLL/SFL W/GR and SP

T.D. to Surface Casing

FDC/CNL W/GR and CAL

T.D. to Surface Casing

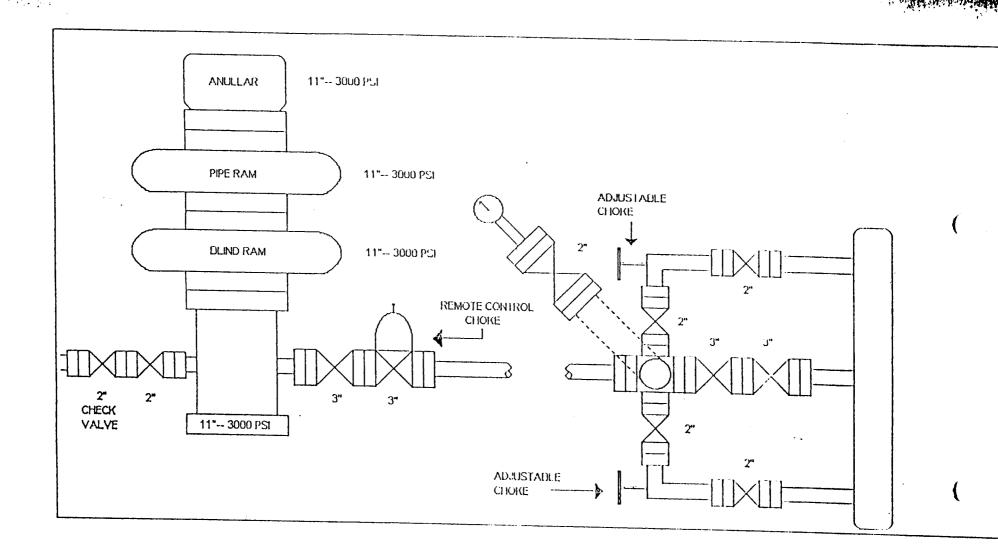
9. Abnormalities (including sour gas):

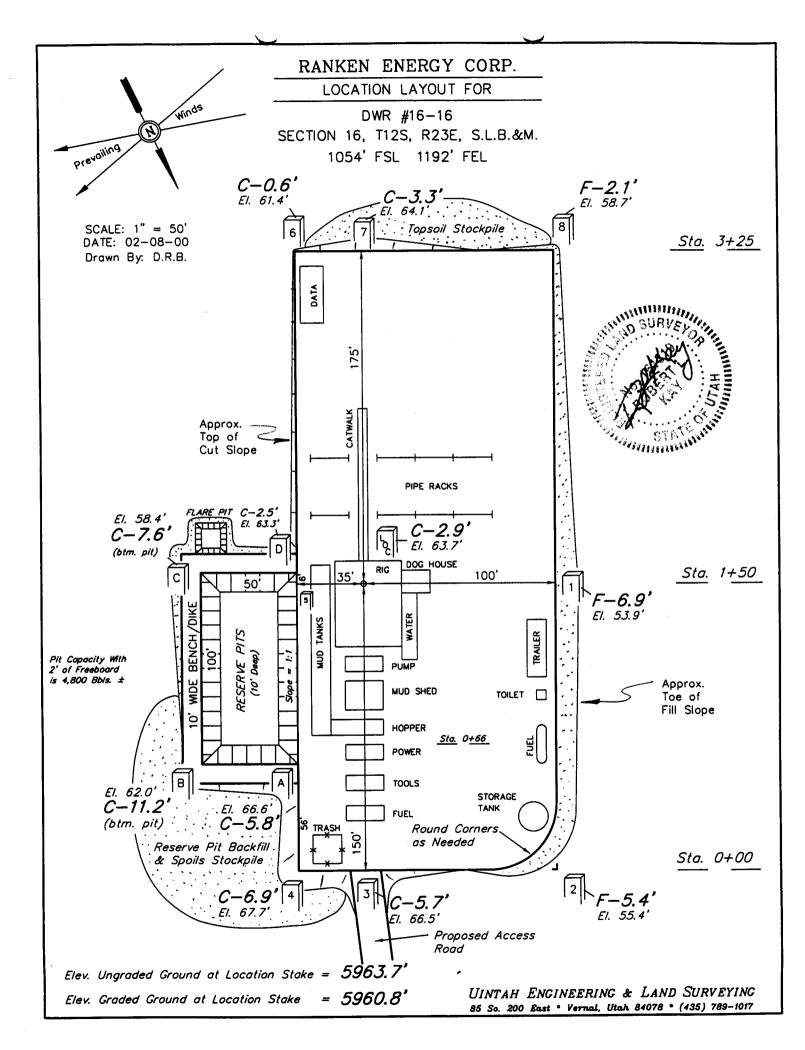
No abnormal pressures, temperatures or other hazards are anticipated. Oil and gas shows are anticipated in the Wasatch formation. Other wells drilled in the area have not encountered over pressured zones or H_2S .

10. Drilling Schedule:

The anticipated starting date is April 15, 2000. Duration of operations expected to be 20 days.

(utah adps:dwr 16-16)





RANKEN ENERGY CORP. TYPICAL CROSS SECTIONS FOR 30, DWR #16-16 X-Section Scale SECTION 16, T12S, R23E, S.L.B.&M. 1054' FSL 1192' FEL 1" = 50'DATE: 02-08-00 Drawn By: D.R.B. 100' 35' Finished Grade Preconstruction Grade FILL STA. 3+25 100' 35' 50' 10' LOCATION STAKE FILL STA. 1+50 100' 35' 50' 10' Slope= 1 1/2:1 (Typ. except pit) CUT STA. 0+66 100' 35' CUT 0+00 STA. APPROXIMATE YARDAGES EXCESS MATERIAL AFTER

CUT

= *950* Cu. Yds. (6") Topsoil Stripping

Remaining Location

= 3,570 Cu. Yds.

TOTAL CUT = 4,520 CU.YDS.

= 2,760 CU.YDS. **FILL**

5% COMPACTION

= 1,620 Cu. Yds.

Topsoil & Pit Backfill

= 1,620 Cu. Yds.

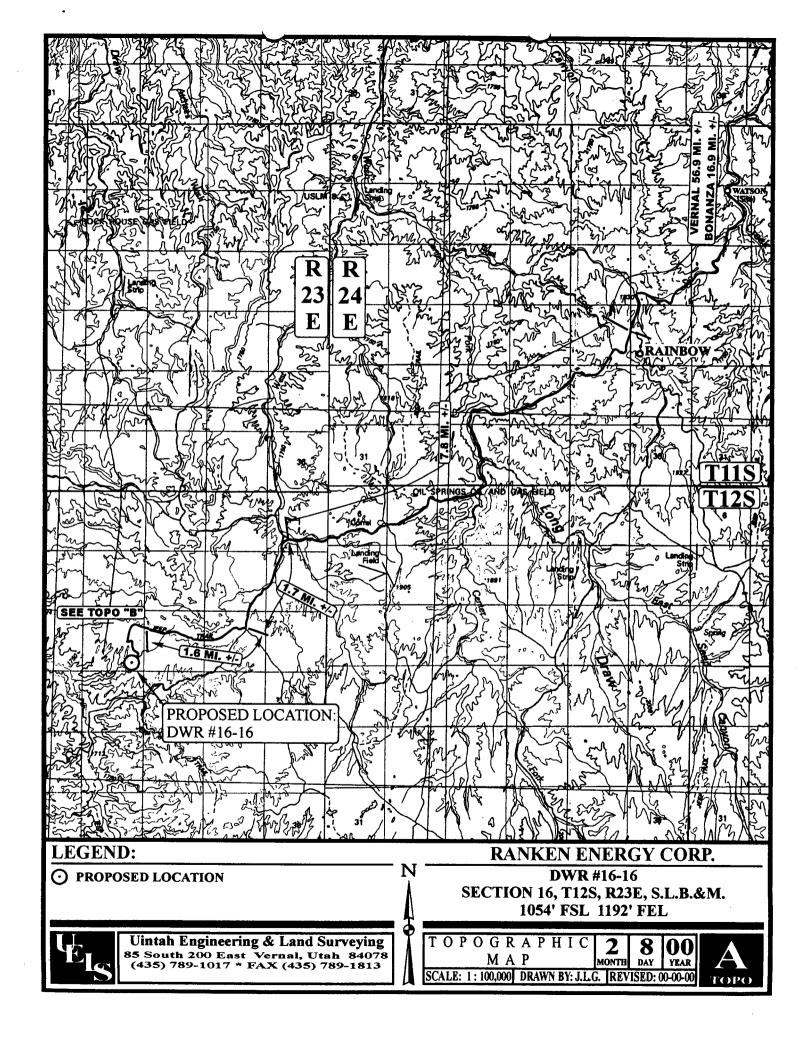
(1/2 Pit Vol.)

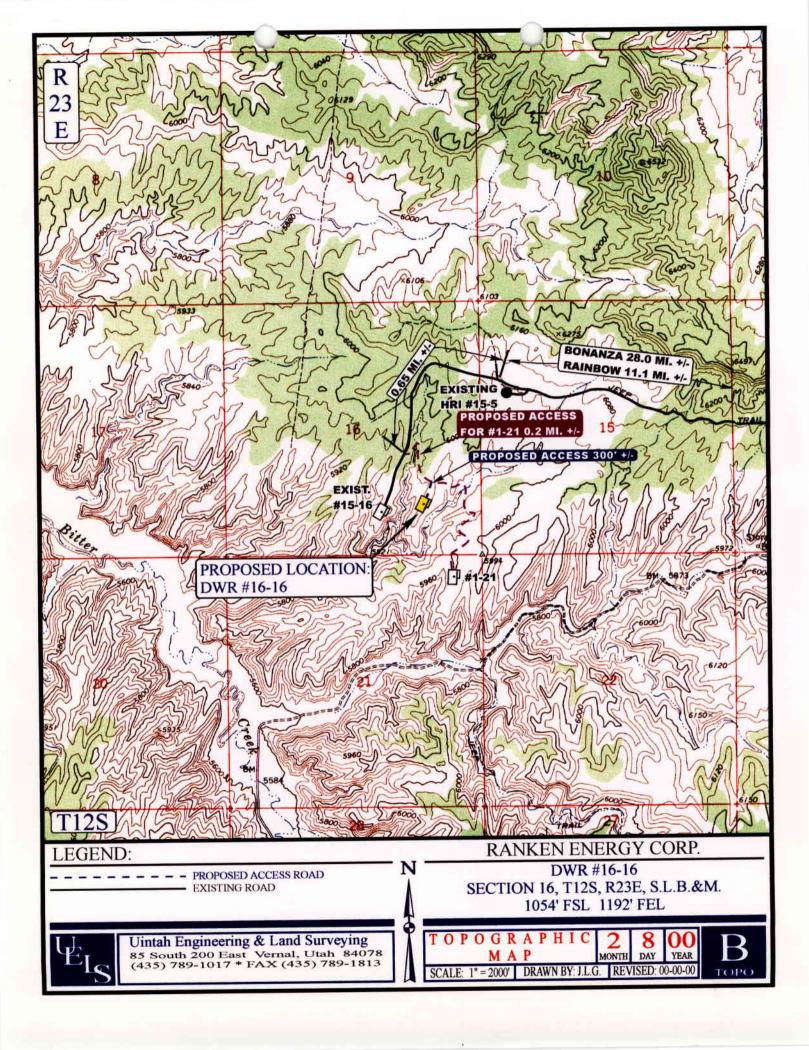
EXCESS UNBALANCE

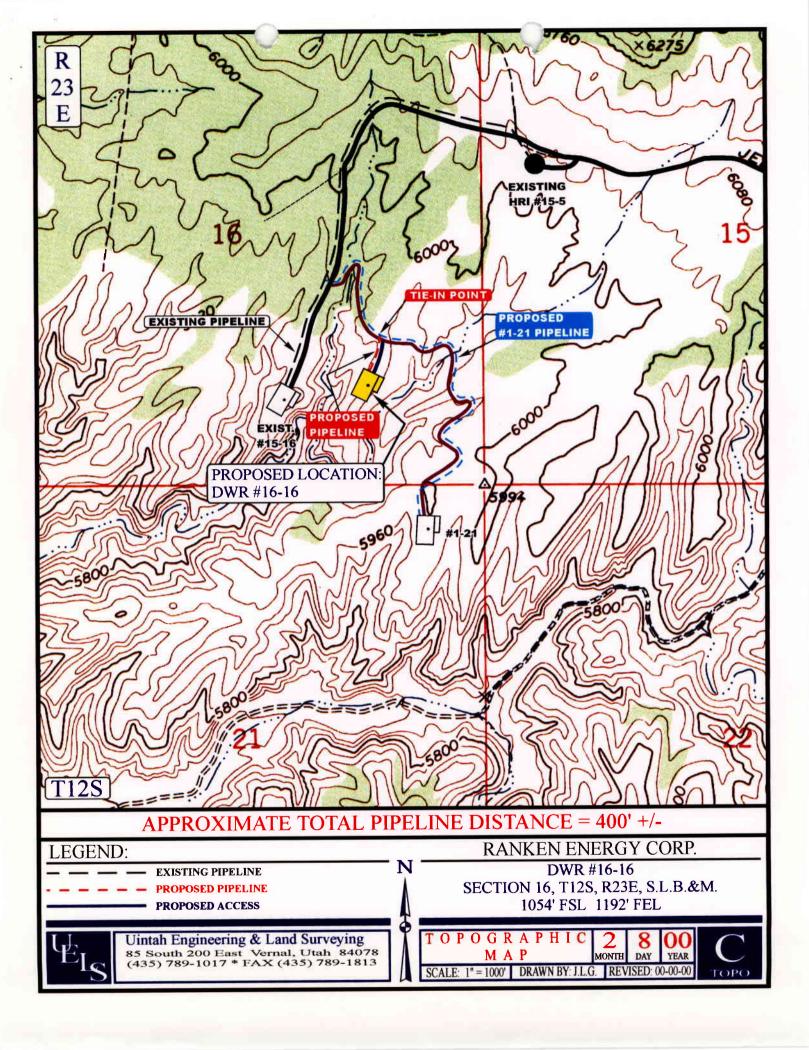
Cu. Yds.

(After Rehabilitation)

UINTAH ENGINEERING & LAND SURVEYING 85 So. 200 East • Vernal, Utah 84078 • (435) 789-1017









February 22, 2000

417 W. 18th Street, Suite 101 Edmond, Oklahoma 73013-3663 (405) 340-2363 • Fax (405) 340-2365

Utah Division of Oil, Gas & Mining 1594 West North Temple, Suite 1210 P O Box 145801 Salt Lake City, UT 84114-5801

RE: DWR 16-16

SE/4 SE/4 Sec. 16-T12S-R23E

Uintah County, Utah

Lease Fee

Dear Sirs:

Ranken Energy Corporation respectfully requests a spacing location exception for the subject well. The well has been moved from the center of the SE/4 SE/4 due to topographic considerations and access conditions. Please see attached map.

The well is currently staked 1054' FSL and 1192' FEL in Section 16-T12S-R23E. The location falls 450' outside of the 200' radius rule to the center of the 40 acre unit. The location falls 528' from our east lease boundary and 1000'+ from our north lease boundary.

Please do not hesitate to call should you have any questions whatsoever. Thank you for your consideration.

Sincerely,

Randolph L. Coy

President

RLC:jr enc.

cc: Mr. Bill Ryan

(utogm4rc)

SELF-CERTIFICATION STATEMENT

Please be advised that Ranken Energy Corporation are considered to be the Operator of the following well.

Ranken Energy DWR 16-16 SE/4 SE/4, Section 16-T12S-R23E Lease Fee Uintah County, Utah

Ranken Energy Corporation is responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

Bond N 6258 provides state-wide bond coverage on all Fee and State Lands.

DANDOLDILL COV

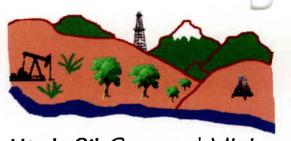
President

Ranken Energy Corporation 417 West 18th Street, Suite 101 Edmond, OK 73013-3663

405/340-2363 405/340-2365, fax exp65@swbell.net, e-mail

WORKSHEET APPLICATION FOR PERMIT TO DRILL

| APD RECEIVED: 02/23/2000 | API NO. ASSIGNED: 43-047-33489 | | | | | | | |
|--|--|--------------------|---------|--|--|--|--|--|
| WELL NAME: DWR 16-16 OPERATOR: RANKEN ENERGY CORP (N6250) CONTACT: RANDOLPH COY PHONE NUMBER: 405-340-2363 | | | | | | | | |
| PROPOSED LOCATION: | INSPECT LOCATI | I BY: / / | ′ | | | | | |
| SESE 16 120S 230E SURFACE: 1054 FSL 1192 FEL | Tech Review | Initials | Date | | | | | |
| BOTTOM: 1054 FSL 1192 FEL UINTAH | Engineering | Rok | 3-27-00 | | | | | |
| UNDESIGNATED (2) | Geology | | | | | | | |
| LEASE TYPE: 4- Fee | Surface | | | | | | | |
| LEASE NUMBER: FEE SURFACE OWNER: 3-State DWR | | | | | | | | |
| PROPOSED FORMATION: WSTC | | | | | | | | |
| Plat Bond: Fed[] Ind[] Sta[] Fee[4] (No. 135/7) N Potash (Y/N) N Oil Shale (Y/N) *190 - 5 (B) Water Permit (No. T72132 N RDCC Review (Y/N) (Date:) NA Fee Surf Agreement (Y/N) | LOCATION AND SIT R649-2-3. R649-3-2. Siting: R649-3-3. Drilling Un Board Cause Eff Date: Siting: R649-3-11. | General Exception | | | | | | |
| COMMENTS: Ned Preside (3/10/80) STATEMENT OF | | | | | | | | |



Utah Oil Gas and Mining

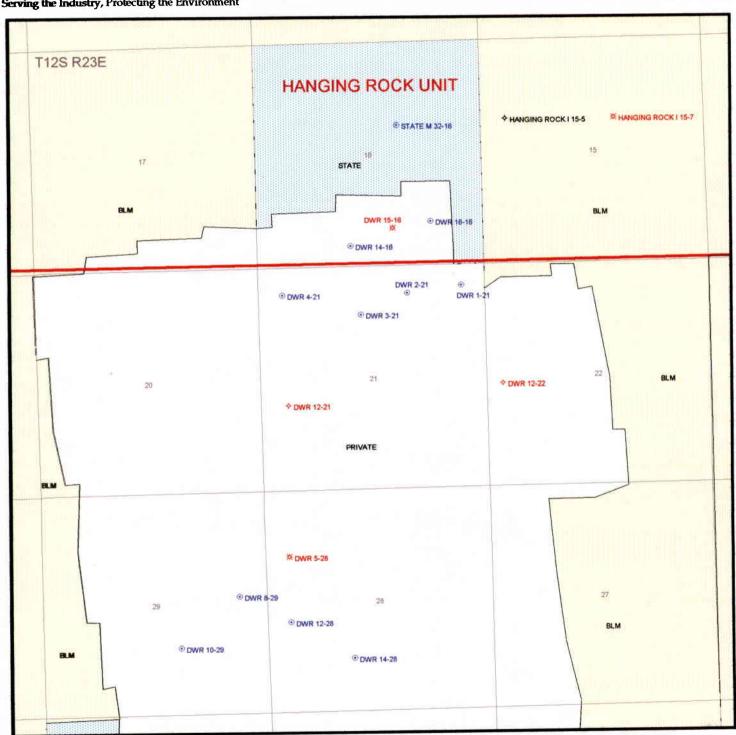
Serving the Industry, Protecting the Environment

OPERATOR: RANKEN ENERGY CORPORATION (N6250)

FIELD: UNDESIGNATED (002)

SEC. 16, 21, & 29, T 12 S, R 23 E

COUNTY: UINTAH UNIT: HANGING ROCK



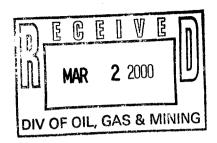
PREPARED DATE: 28-Feb-2000



March 2, 2000

Utah Division of Oil, Gas & Mining 1594 West North Temple, Suite 1210 P O Box 145801 Salt Lake City, UT 84114-5801

Attention: Ms. Lisha Cordova



RE: DWR 16-16

SE/4 SE/4 Sec. 16-T12S-R23E

Uintah County, UT

Dear Lisha:

Please be advised that the above referenced well location falls within uncommitted lands (tract) in the Hanging Rock Unit. I appreciate you bringing this to my attention.

Thank you for your help in reminding me of this. Should you have any further questions, please do not hesitate to call.

Sincerely,

Randolph L. Coy

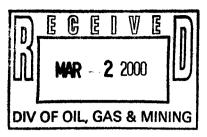
President

RLC:jr

(utogm7rc)







RANKEN ENERGY

FACSIMILE COVER SHEET

| SEND TO: | |
|---|---|
| Company Name | From: |
| UT Division of Oil, Gas & Mining | Randy Coy |
| Attention: | Date: |
| Lisha Cordova | 3-02-00 |
| Fax Number: | Phone Number: |
| 801/359-3940 | 801/538-5296 |
| | comment Please Review X For your information |
| Total pages, including cover sheet: | |
| COMMENTS: | |
| Lisha, | |
| Following please find the letter you requested for | our DWR 16-16 well. Also, thanks for |
| the standard of the control of the second Road Hillings (| |
| mand to do am dising to correct that 1 dor the little | FIGURE HOLLI AOM TIKEL RICLE IO LEGUS LOGUINS |
| we need to do because you took care of it for us. | If so, thanks for helping us out, we |
| really appreciate it! | |
| I AGII A ANNI ANGRO IT | |
| Randy Coy | ••••• |
| Harmy Coy | •••••• |
| ************************************** | |
| 141414141111111111111111111111111111111 | ••••• |
| If the quality of this facsimile is poor, please call JANET at the si | pove number. |
| Feder | Class Mali al Express al Will NOT be sent |

ON-SITE PREDRILL EVALUATION Division of Oil, Gas and Mining

| OPERATOR: RANKEN ENERGY CORP. |
|--|
| WELL NAME & NUMBER: DWR 16-16 |
| ADT NTIMPEP. 43-047-33489 |
| LEASE: FEE FIELD/UNIT: |
| LOCATION: 1/4,1/4 SE/SE SEC:16 TWP:12S RNG: 23E |
| 1054' FS L 1192' FE L |
| LEGAL WELL SITING: Statewide 400 foot window in center of 40 |
| acre tract and no closer than 920 feet from |
| another well. |
| GPS COORD (UTM): 12641918E 4403468N |
| SURFACE OWNER: DIVISION OF WILDLIFE RESOURCES |
| DOMPROD CHRISTON |
| PARTICIPANTS: |
| BILL RYAN (RANKEN), JACK LYTLE (DWR), DAVID HACKFORD (DOGM), |
| NATALIE GALE, (DWR). |
| - / |
| REGIONAL/LOCAL SETTING & TOPOGRAPHY: SITE IS ON THE POINT OF A RIDGE WITH STEEP DRAWS TO THE EAST, |
| SOUTH, AND WEST. DRAWS COME TOGETHER AND RUN SOUTHWEST TO BITTER |
| CREEK 0.75 MILES AWAY. |
| CRIBIN V. 75 1.1222 STATE OF THE PROPERTY OF T |
| SURFACE USE PLAN: |
| THE THE TANK I THE COOK CDATING |
| CURRENT SURFACE USE: WILDLIFE AND LIVESTOCK GRAZING. |
| HUNTING. |
| PROPOSED SURFACE DISTURBANCE: LOCATION WOULD BE 325' BY 185' |
| AND ACCESS ROAD WOULD BE 300 FEET. |
| |
| LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: SEE |
| ATTACHED MAP FROM GIS DATABASE |
| LOCATION OF PRODUCTION FACILITIES AND PIPELINES: |
| ALL PRODUCTION FACILITIES WILL BE ON LOCATION AND ADDED |
| AFTER DRILLING WELL. PIPELINE WILL FOLLOW ACCESS ROAD. |
| |
| SOURCE OF CONSTRUCTION MATERIAL: ALL CONSTRUCTION MATERIAL WILL BE BORROWED FROM SITE DURING CONSTRUCTION OF LOCATION. |
| WILL BE BORROWED FROM SITE DORING CONDINGERIOR OF THE PROPERTY |
| ANCILLARY FACILITIES: NONE WILL BE REQUIRED. |
| 1 11 V 2 11 11 10 10 10 10 10 10 10 10 10 10 10 |
| WASTE MANAGEMENT PLAN: |
| DRILLED CUTTINGS WILL BE SETTLED INTO RESERVE PIT. LIQUIDS |

FROM PIT WILL BE ALLOWED TO EVAPORATE. FORMATION WATER WILL BE CONFINED TO STORAGE TANKS. SEWAGE FACILITIES, STORAGE AND DISPOSAL WILL BE HANDLED BY COMMERCIAL CONTRACTOR. TRASH WILL BE CONTAINED IN TRASH BASKETS AND HAULED TO AN APPROVED LAND FILL. ENVIRONMENTAL PARAMETERS: AFFECTED FLOODPLAINS AND/OR WETLANDS: NONE FLORA/FAUNA: NATIVE GRASSES, JUNIPER, PRICKLY PEAR, CHEAT GRASS, SAGE, FOXTAIL. SONG BIRDS, RAPTORIAL BIRDS, RODENTS, COYOTES, DEER, ELK, PRONGHORN, COUGAR, BOBCATS. SOIL TYPE AND CHARACTERISTICS: LIGHT BROWN SANDY CLAY LOAM WITH MULTI-COLORED FLAT SHALE ROCKS. EROSION/SEDIMENTATION/STABILITY: MINOR NATURAL EROSION ON STEEP SLOPE TO THE SOUTH. SEDIMENTATION AND STABILITY ARE NOT A PROBLEM AND LOCATION CONSTRUCTION SHOULDN'T CAUSE ANY INCREASE IN STABILITY OR EROSION PROBLEMS. PALEONTOLOGICAL POTENTIAL: NONE OBSERVED. SUE ANN BILBY FROM THE VERNAL MUSEUM OF NATURAL HISTORY WILL PERFORM A PALEO STUDY FOR RANKEN AT DWR REQUEST. RESERVE PIT: CHARACTERISTICS: 100' BY 50' AND 10'DEEP. LINER REQUIREMENTS (Site Ranking Form attached): A 12 MIL LINER WILL BE REQUIRED. SURFACE RESTORATION/RECLAMATION PLAN: AS PER LANDOWNER AGREEMENT OR AS DIRECTED BY DIVISION. SURFACE AGREEMENT: A SURFACE AGREEMENT HAS NOT BEEN SIGNED AT THIS TIME. CULTURAL RESOURCES/ARCHAEOLOGY: SITE WILL BE INSPECTED BY SAGE-BRUSH CONSULTING. A REPORT OF THIS INVESTIGATION WILL BE PLACED

ON FILE.

| OTHER OBSERVATIONS/COMMENTS: | |
|--|----------------------------|
| THE PRE-DRILL INVESTIGATION TOOK | PLACE ON A WARM SUNNY DAY. |
| ATTACHMENTS: PHOTOS OF SITE WILL BE PLACED ON | FILE. |
| DAVID W. HACKFORD | 3/10/00 11:00AM |

DOGM REPRESENTATIVE

DATE/TIME

Evaluation Ranking Criteria and Ranking Score For Reserve and On-site Pit Liner Requirements

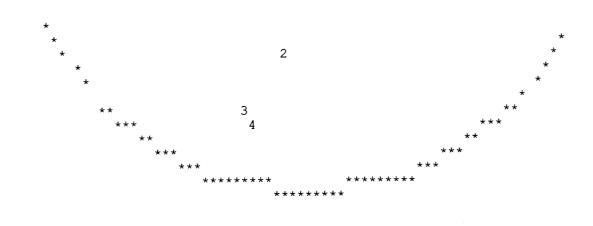
| Site-Specific Factors | Ranking | Site Ranking |
|---|---------|--------------|
| Distance to Groundwater (feet) | | |
| >200 | 0 | |
| 100 to 200 | 5 | |
| 75 to 100 | 10 | |
| 25 to 75 | 15 | |
| <25 or recharge area | 20 | 10 |
| Distance to Surf. Water (feet) | | |
| >1000 | 0 | |
| 300 to 1000 | 2 | |
| 200 to 300 | 10 | |
| 100 to 200 | 15 | • |
| < 100 | 20 | 0 |
| Distance to Nearest Municipal Well (feet) | | |
| >5280 | 0 | |
| 1320 to 5280 | 5 | |
| 500 to 1320 | 10 | |
| <500 | 15 | 0 |
| Distance to Other Wells (feet) | | |
| >1320 | 0 | |
| 300 to 1320 | 10 | |
| <300 to 1320 | 20 | |
| | | |
| Native Soil Type | 0 | |
| Low permeability | 10 | |
| Mod. permeability | 20 | 10 |
| High permeability | 20 | - |
| Fluid Type | 0 | |
| Air/mist | 5 | |
| Fresh Water | 15 | |
| TDS >5000 and <10000 | 20 | |
| TDS >10000 or Oil Base | 20 | |
| Mud Fluid containing high | | 5 |
| levels of hazardous constituents | | |
| Drill Cuttings | 0 | |
| Normal Rock | 10 | 0 |
| Salt or detrimental | 10 | |
| Annual Precipitation (inches) | 0 | |
| <10 | | |
| 10 to 20 | 5 | 0 |
| >20 | 10 | |
| Affected Populations | • | |
| <10 | 0 6 | |
| 10 to 30 | | |
| 30 to 50 | 8 | 0 |
| >50 | 10 | |
| Presence of Nearby Utility | | |
| Conduits | - | |
| Not Present | 0 | |
| Unknown | 10 | 0 |
| Present | 15 | |
| Final Score | | 25 |
| LIMIT DOOLS | | |

UTAH DIVISION OF WATER RIGHTS
WATER RIGHT POINT OF DIVERSION PLOT CREATED THU, MAR 23, 2000, 11:00 AM
PLOT SHOWS LOCATION OF 7 POINTS OF DIVERSION

PLOT OF AN AREA WITH A RADIUS OF 10000 FEET FROM A POINT FEET, FEET OF THE CT CORNER, SECTION 16 TOWNSHIP 12S RANGE 23E SL BASE AND MERIDIAN

PLOT SCALE IS APPROXIMATELY 1 INCH = 4000 FEET

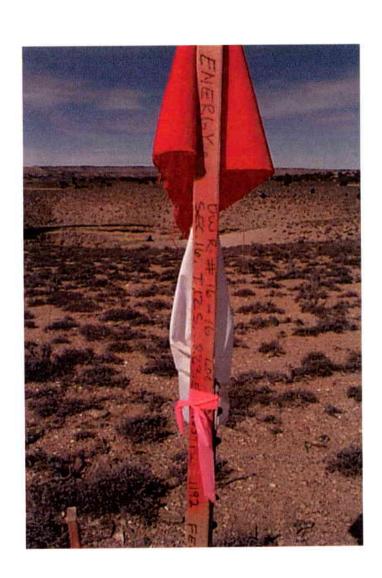
NORTH 1



UTAH DIVISION OF WATER RIGHTS
NWPLAT POINT OF DIVERSION LOCATION PROGRAM

| MAP CHAF | WATER RIGHT | _ | UANTITY AND/OR AC-FT | SOURCE DES | | YEAR LO | | | T OF DI EAST | VERSION D | ESCRIPT | rion RNG B | 3&M |
|-------------|----------------|---|---|-----------------------------------|-----------------|-----------|-----|----------------|-----------------|----------------------------|-------------------------|---------------|---------|
| 0 | 49 113 | WATER USE(S): | 250000.00 DOMESTIC MINING Board of Water I | White River POWER Resources | | | | | | PRIORITY | 12S DATE: Lake Ci | | |
| 0 | 49 304 | .0000 WATER USE(S): State of Utah | 105000.00 DOMESTIC POWER (Board of Water I | OTHER | | | | | | B SE 7 PRIORITY Salt | 12S DATE: Lake Ci | | |
| 1 | 49 900 | WATER USE(S): | .00 STOCKWATERING O | | k 2370 Soutl | n 2300 We | est | | | PRIORITY Salt | DATE: Lake C | | /190 |
| 2 | 49 113 | WATER USE(S): | 250000.00 DOMESTIC MINING Board of Water | POWER | | | | 2620 Ste 31 | | PRIORITY | | | |
| 2 | 49 304 | .0000 | 105000.00 | White River | & tributa | aries | N | 2620 | E 1700 |) SW 21 | 12S | 23E | SL |

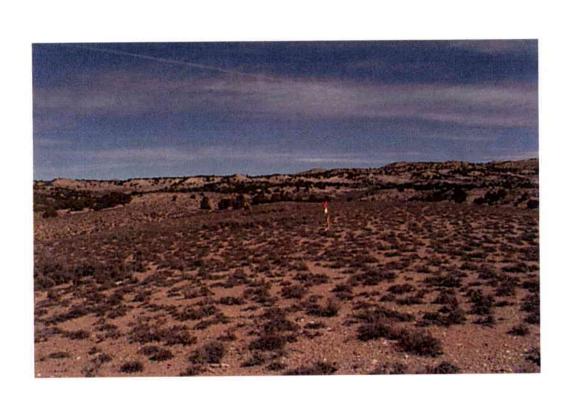
| | | <pre>WATER USE(S): State of Utah</pre> | | | | 1594 1 | West N | orth | Temple, | Ste 3 | 10 | | | | DATE: Lake C | • | /196 |
|---|---------|--|-------|-------|----------|--------|------------|------|---------|-------|----|-----|---|--------------------|----------------------|--------------|------------|
| 3 | 49 1560 | .0000 WATER USE(S): Jim Nebeker Tr | | 10.00 | Bitter C | | 2 Box | 2060 | N | 700 | E | 500 | | 21 RITY oose | 12S DATE: velt | 23E 07/26 | |
| 4 | 49 1633 | .0000 WATER USE(S): | OTHER | 10.00 | Bitter C | | . 1 | 1.00 | N | 300 | E | 800 | | | 12S DATE: | 23E 05/12 | SL /199 |
| | | Dalbo Inc. | | | | P. O. | Box 1 | 168 | | | | | ٧ | ernal | L | | |











DIVISION OF OIL, GAS AND MINING APPLICATION FOR PERMIT TO DRILL STATEMENT OF BASIS

| Operator Name: <u>RAINEN ENERGY CORF.</u> |
|--|
| Well Name & Number: <u>DWR #16-16</u> |
| API Number: <u>43-047-33489</u> |
| Location: 1/4,1/4 <u>SE/SE</u> Sec. <u>16</u> T. <u>12S</u> R. <u>23E</u> |
| |
| Geology/Ground Water: |
| |
| Ranken Energy has proposed setting 300 feet of 8 5/8" surface casing which will be cemented to surface at this location. |
| The base of the moderately saline groundwater is estimated to be at a depth of 3500 feet. This is near the proposed total |
| denth of this well in the Wasatch formation. A search of Division of Water Rights records show no water wells within |
| 10,000 feet of the center of Section 16. The proposed surface casing program should adequately protect Ground water |
| resources in the area. |
| |
| Reviewer: Brad Hill |
| Date: 3/23/00 |
| |
| Surface: |
| Surrace. |
| The pre-drill investigation of the surface was performed on 3/10/00. Because of steep draws to the east, south and west |
| and the nature of the soil, a liner will be necessary for the reserve pit. The Division of Wildlife Resources is the surface |
| owner, and they were represented by Jack Lytle and Natalie Gale. Mr. Lytle stated that all DWR concerns and |
| stipulations would be addressed in the Landowner Agreement. The nearest moving water to this site is Bitter Creek 0.75 |
| miles to the southwest. Exception spacing requested for this site in order to keep location from being constructed on a |
| |
| |
| very steep slope. |
| very steep slope. |
| |
| very steep slope. |
| very steep slope. Reviewer: David W. Hackford |

Conditions of Approval/Application for Permit to Drill:

1. A 12 mil or greater liner shall be properly installed in the reserve pit.

Well name:

3-00 Ranken DWR 1=21 /6-/6

Operator:

Ranken Energy Corporation

String type:

Surface

Project ID:

43-047-3348 9

Location:

Collapse

Mud weight:

Uintah Co.

Design is based on evacuated pipe.

Design parameters:

Minimum design factors:

Collapse: Design factor

1.125

Environment:

H2S considered? Surface temperature: Bottom hole temperature:

Non-directional string.

75 °F 79 °F 1.40 °F/100ft

No

Temperature gradient: Minimum section length:

300 ft

Burst:

Design factor

1.00

1.80 (J)

1.50 (J)

262 ft

Cement top:

1 ft

Burst

Max anticipated surface

No backup mud specified.

pressure:

0 psi

8.330 ppg

Internal gradient: Calculated BHP

0.433 psi/ft 130 psi

Tension:

8 Round STC:

1.80 (J) 8 Round LTC: 1.60 (J) **Buttress:** Premium:

Body yield:

Neutral point:

1.50 (B)

Tension is based on buoyed weight.

Re subsequent strings:

Next setting depth: Next mud weight: Next setting BHP:

8.330 ppg 130 psi 19.250 ppg

300 ft

Fracture mud wt: Fracture depth: Injection pressure 300 ft 300 psi

| Run Seq | Segment Length (ft) | Size (in) | Nominal Weight (lbs/ft) | Grade | End Finish | True Vert Depth (ft) | Measured Depth (ft) | Drift Diameter (in) | Internal Capacity (ft³) |
|------------|----------------------------------|---------------------------------------|---------------------------------------|-------------------------------|------------------------------------|------------------------------------|--------------------------------|--------------------------------------|--|
| 1 | 300 | 8.625 | 24.00 | J-55 | ST&C | 300 | 300 | 7.972 | 14.4 |
| Run Seq | Collapse Load (psi) 130 | Collapse Strength (psi) 1370 | Collapse Design Factor 10.56 | Burst Load (psi) 130 | Burst Strength (psi) 2950 | Burst Design Factor 22.73 | Tension Load (Kips) 6 | Tension Strength (Kips) 244 | Tension Design Factor 38.74 J |

Prepared

Bob Krueger

Utah Dept. of Natural Resources

Phone: (801) 538-5274 FAX: (801) 359-3940

Date: March 27,2000 Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 300 ft, a mud weight of 8.33 ppg The casing is considered to be evacuated for collapse purposes. Burst strength is not adjusted for tension.

Well name:

3-00 Ranken DWR 1-21 /6-6

Operator:

Ranken Energy Corporation

String type:

Production

Project ID:

43-047-3348Ø 9

Location:

Uintah Co.

Design parameters:

Collapse

Mud weight:

8,600 ppg

Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor

1.125

Environment: H2S considered?

75 °F Surface temperature: 124 °F Bottom hole temperature: Temperature gradient: 1.40 °F/100ft

Minimum section length: 1,500 ft

Burst:

Design factor

1.00

1.80 (J)

Cement top:

720 ft

No

Burst

Max anticipated surface

pressure:

0 psi 0.447 psi/ft

Internal gradient: Calculated BHP

1,564 psi

No backup mud specified.

Tension:

8 Round STC: 8 Round LTC:

1.80 (J) 1.60 (J) **Buttress:** 1.50 (J) Premium:

1.50 (B) Body yield:

Tension is based on air weight. Neutral point: 3,052 ft

Non-directional string.

Internal True Vert Measured Drift Nominal End Run Segment Capacity Depth Diameter Finish Depth Weight Grade Length Size Seq (ft³) (ft) (ft) (in) (lbs/ft) (ft) (in) 73.1 10.50 ST&C 3500 3500 3.927 J-55 3500 4.5 1 **Tension Tension Burst Tension** Collapse **Burst** Burst Collapse Collapse Run Design Strength Design Load Strength Design Load Strength Load Seq (Kips) **Factor** (Kips) **Factor** (psi) **Factor** (psi) (psi) (psi) 3.59 J 132 3.06 37 1564 4790 2.56 1 1564 4010

Prepared

Bob Krueger

Utah Dept. of Natural Resources

Phone: (801) 538-5274

FAX: (801) 359-3940

Date: March 27,2000 Salt Lake City, Utah

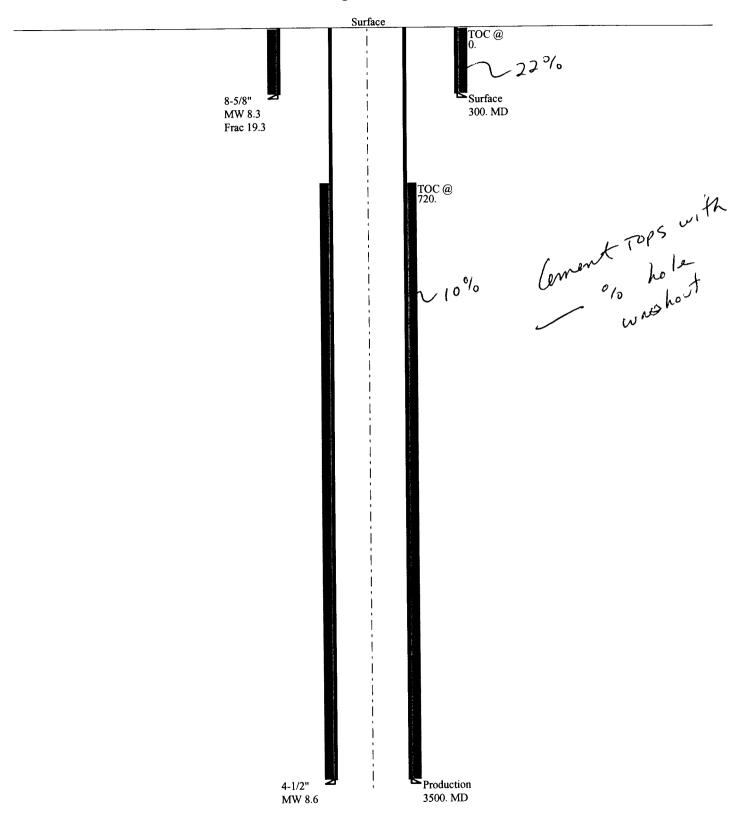
ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 3500 ft, a mud weight of 8.6 ppg The casing is considered to be evacuated for collapse purposes. Burst strength is not adjusted for tension.

3-00 Ranken DWR 1527 6-6

Casing Schematic



March 27, 2000

John Basa Utah Division of Oil, Gas and Mining P.O. Box 145801 1594 West North Temple, Suite 210 Salt Lake City, Utah 84114-5801

RE: A Cultural Resource Survey of Ranken Energy Wells DWR #16-16, DWR #14-16, DWR #1-21, DWR # 2-21, DWR #3-21, DWR #4-21 and Associated Access Corridors, Uintah County, Utah; Sagebrush Report No. 1152.

Dear Mr. Basa;

Sagebrush Consultants, Inc. have completed an inventory and report on six proposed wells for Ranken Energy, Incorporated in Uintah County, Utah. Enclosed please find a copy of the report. All are located on state lands administered by DWR. Three isolated finds were located, but are not recommended significant. One previously located site, 42UN2582, was encountered on the access road to location DWR 14-16. It is recommended that the road be moved 5 meters to the south and the pipeline moved south of the road. Moving those linear features will avoid effects to the site in question.

Please let me know if you have any questions.

Sincerely,

Michael R. Polk

Principal Archaeologist/Owner

1 1 RPall

enclosure

RECEIVED

MAR 3 1 2000

DIVISION OF OIL, GAS AND MINING

A CULTURAL RESOURCE SURVEY OF RANKEN ENERGY WELLS DWR #16-16, DWR #14-16, DWR #1-21, DWR # 2-21, DWR #3-21, DWR #4-21 AND ASSOCIATED ACCESS CORRIDORS, UINTAH COUNTY, UTAH

by

Michael R. Polk Principal Archaeologist

and

James R. Christensen Assistant Archaeologist

Prepared for:

Rocky Mountain Consulting 350 South 800 East Vernal, Utah 84078

Prepared by:

Sagebrush Consultants, L.L.C. 3670 Quincy Avenue, Suite 203 Ogden, Utah 84403

Under Authority of Utah State Antiquities Permit No. U-00-SJ-0033s

Archaeological Report No. 1152

March 26, 2000

INTRODUCTION

In February 2000, Ranken Energy, Inc. (Ranken) of Vernal, Utah requested that Sagebrush Consultants, L.L.C. (Sagebrush) conduct a cultural resource inventory of Ranken Energy Wells DWR #16-16, DWR #14-16, DWR #1-21, DWR # 2-21, DWR #3-21, DWR #4-21 and associated access corridors in Uintah County, Utah. The purpose of this inventory is to identify cultural resource sites which may be present within the proposed project area.

The proposed wells are located in T. 12S., R. 23E., S. 16 and 21 on USGS 7.5' Quadrangle Archy Bench SE (1968) (Figure 1). Footages for the proposed well locations are as follows: DWR #14-16 (474' FSL 2237' FWL); DWR #16-16 (1054' FSL 1192' FEL); DWR #1-21 (461' FNL 585' FEL); DWR #2-21 (644' FNL 1856' FEL); DWR #3-21 (1148' FNL 2366' FWL); DWR #4-21 (688' FNL 528' FWL). The proposed well pad locations and most of the associated access corridors lie on Utah State Lands administered by the Division of Wildlife Resources (DWR). A small portion of the access corridors lie on Utah State Lands administered by the State Institutional Trust Lands Administration (SITLA). The survey of the project area was carried out by Michael R. Polk under authority of Utah State Antiquities Permit No. U-00-SJ-0033s.

Prior to conducting fieldwork, a file search for previously recorded cultural resource sites located near the current project area was conducted by Heather M. Weymouth and James R. Christensen at the Bureau of Land Management, Vernal District Office on June 11, 1999. An updated file search was conducted by James R. Christensen at the Utah State Historic Preservation Office, Salt Lake City, on March 20, 2000.

More than 20 previous cultural resource projects have been conducted in the vicinity of the current project. Due to the large number of projects conducted in this area, individual project descriptions will not be listed. However, two previously recorded cultural resource sites are located near the current project area. Both were documented in 1998 by Grand River Institute during an inventory for seven proposed wells (Conner 1998a;1998b). Following are brief descriptions of each site:

Site 42Un2582. This site, located northeast of Bitter Creek, is a small prehistoric/historic Ute campsite locality. The site consists of the remains of two collapsed wickiup structures. One structure is represented by 10 juniper poles or limbs, and the second is represented by approximately seven. No artifacts were identified at this site. This site was recommended ELIGIBLE to the NRHP.

Site 42Un2588. This site, located northeast of Bitter Creek, is a historic campsite locality. The site consists of a small historic trash scatter, three hearth features and two rock alignments. This site was recommended NOT eligible to the NRHP.

No additional cultural resource sites have been recorded in the vicinity of the current project area. The NRHP was consulted prior to the commencement of fieldwork for the present project. No NRHP listed sites were found located in the vicinity of the current project area.

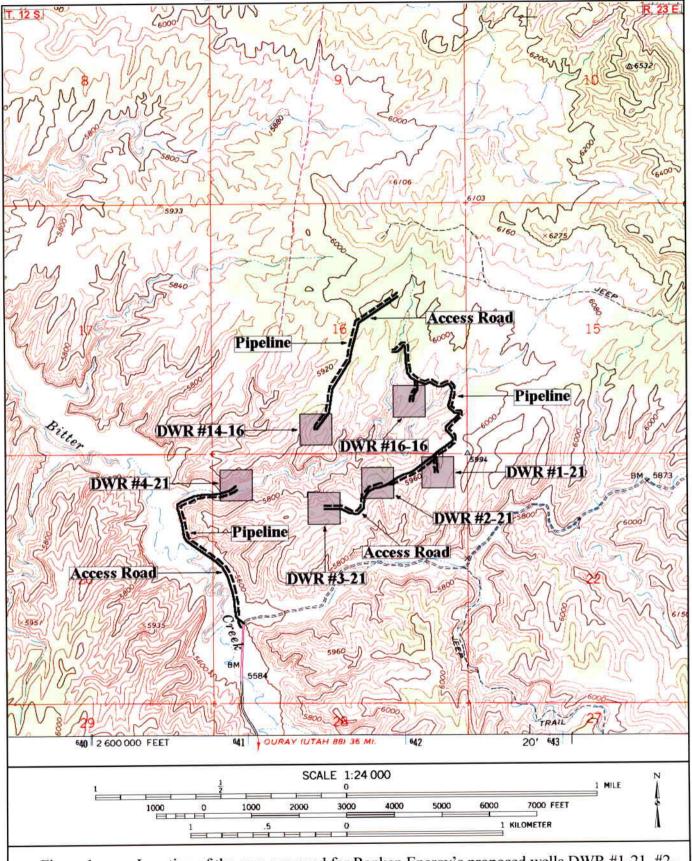


Figure 1. Location of the area surveyed for Ranken Energy's proposed wells DWR #1-21, #2-21, #3-21, #4-21, #14-16, #16-16, associated access roads and pipelines. Taken from USGS 7.5' Quadrangle Archy Bench SE, Utah (1968; P.R. 1987).

ENVIRONMENT

The project area lies in the dissected tablelands surrounding Bitter Creek in the northern Book Cliffs area. The elevation of the project locations surveyed range from 5600 to 6000 ft a.s.l. Sediments consist of tan to brown sandy silt. Vegetation in the higher elevations covers approximately 30 percent of the ground surface and consists of pinyon-juniper community species including ephedra, yucca, juniper, pinyon pine, mountain mahogany and cactus. Vegetation in the lower elevations covers approximately 45 percent of the ground surface and consists of pinyon-juniper community species including sagebrush, greasewood, cactus, spiny hopsage, pinyon pine and juniper. The nearest significant permanent water source is Bitter Creek which is located approximately 0.4 to 1.6 km (0.25 to 1.0 miles) west of the proposed well locations. Numerous seasonal drainages and washes are present throughout the general vicinity. Natural disturbance in the area consists of arroyo cutting, sheetwash and aeolian erosion. Cultural disturbance includes existing well pad locations and access roads, pipelines and sheep and cattle grazing.

METHODOLOGY

The project area inventoried consists of six 40,469 m² (10 ac) parcels of land 201-by-201 m (660-by-660 ft) centered on the proposed well heads, and 4.02 km (2.5 mi) of proposed access corridors. A total of 3.29 km (2.05 mi.) of access corridors cross Utah State lands managed by the DWR. A total of 0.73 km (0.45 mi.) of access corridors cross Utah State lands managed by the SITLA. The well pads were inventoried in parallel transects spaced no more than 15 m (50 ft) apart. The access roads and pipelines were walked in two parallel transects spaced 10 m (32 ft) apart to cover a corridor width of 30m (100 ft). The area surveyed during this project (including proposed well pads and access corridors) totaled 36.5 ha (90.4 ac).

RESULTS

A cultural resource inventory was conducted for proposed Ranken Energy Wells DWR #16-16, DWR #14-16, DWR #1-21, DWR # 2-21, DWR #3-21, DWR #4-21 and associated access corridors in Uintah County, Utah. Three Isolated Finds were identified during the inventories including IF-1, IF-2 and IF-3 (Figures 2, 3, 4, and 5). Also, one previously documented cultural resource site (site 42Un2582) was encountered during the inventory of the proposed access corridor leading to the planned location for Ranken Energy Well DWR #14-16 (Figure 2).

- IF-1. A large monolithic sandstone rock slab was found, propped upright, about 19 m (62 ft) east of the proposed access corridor to well location DWR 14-16 in T. 12S., R. 23E., S. 16 SWSWNWSE. It lies on the edge of a ridge finger. The slab measures about 1.02 m (3 ft 4 in) high by up to 43 cm (1 ft 6 in) wide by up to 10 cm (4 in) thick. It is held up by other slabs piled at its base. No inscription could be discerned on the slab, and no artifacts or other features were found associated with it. The age of the feature could not be discerned, though packrat midden was noted at its base. It is likely not historic in origin since erosional conditions would probably not allow a rock such as this to remain in such a position for 50 years or more.
- IF-2. A concentrated pile of sandstone slabs was found adjacent to the north side of the proposed access road to well DWR 2-21 in T. 12S., R. 23E., S. 16 NWNENE. The pile of rocks is 2.5 m north of the existing 2 track road on a level area of a finger ridge. The feature consists of a pile of flat sandstone slabs, piled 12 courses high in a generally circular shape. The pile measures 1.1 m (3 ft 9 in) north-south, by 1.0 m (3 ft 4 in) east-west by 88 cm (2 ft 11 in) high. The feature does not appear historic in age (less than 50 years) though there is some twig nesting material located between some of the rocks. The relatively recent age of the feature is suggested by: 1) the well kept condition of the feature; 2) the lack of vegetation growing around the feature, the lack of a "settled in" appearance of the feature in the soil beneath it; 3) the varied lichen growth on rock exteriors (showing that the rocks were moved from previous positions in the relatively recent past; 4) and the ground patina that is prominent on many rocks (ground patina only forms on rock surfaces facing the ground).
- **IF-3.** Two hole-in-top cans were found in a very shallow drainage in low rolling hills along the proposed access to well location DWR 1-21 in T. 12S., R. 23E., S. 16 NWSESE. The cans are historic in origin and measure 3 5/8" high by 3" wide. The hole-in-top in one can is 1 3/4" wide and in the other it is 1" wide (also has less solder than the other). No other artifacts or cultural features were noted in the area.

Site 42Un2582, located northeast of Bitter Creek, is a small prehistoric/historic Ute campsite locality. This site lies within the northern half of the proposed access corridor leading to the planned location for Ranken Energy Well DWR #14-16. The site consists of the remains of two collapsed wickiup structures. One structure is represented by 10 juniper poles or limbs, and the second is represented by approximately seven. No artifacts were identified at this site. This site was recommended ELIGIBLE to the NRHP as part of initial documentation (Conner 1998a).

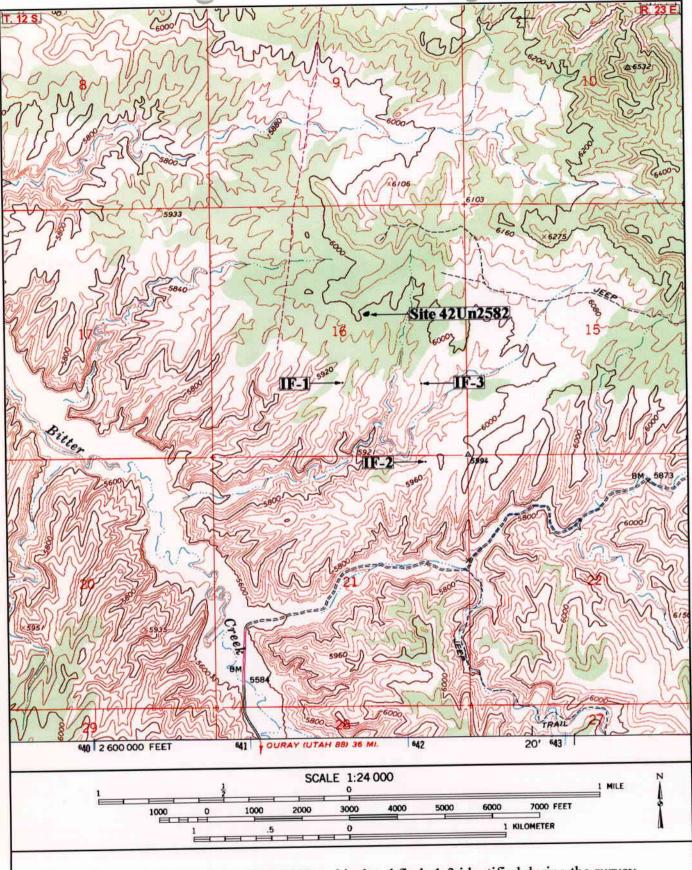


Figure 2. Location of site 42Un2582 and isolated finds 1-3 identified during the survey. Taken from USGS 7.5' Quadrangle Archy Bench SE, Utah (1968; P.R. 1987).

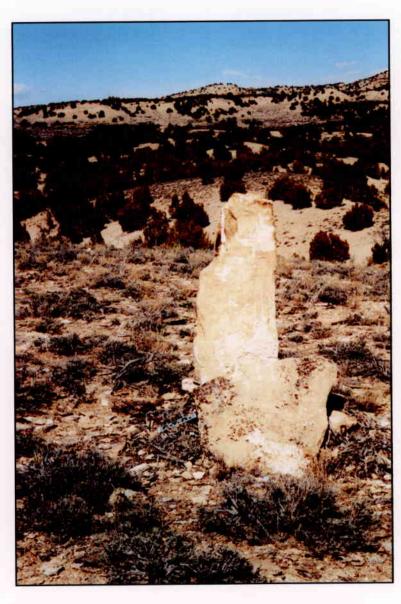


Figure 3. Close-up of IF-1, slab feature; view to the north-northeast.



Figure 4. IF-2, piled rocks; view to the east.

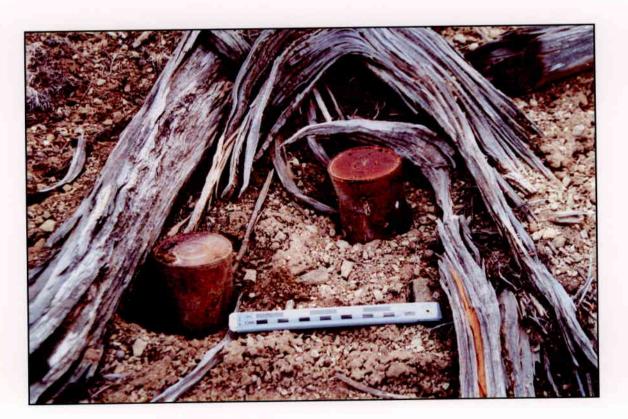


Figure 5. Close-up of IF-3, two hole-in-top cans.

RECOMMENDATIONS

A cultural resource inventory was conducted for proposed Ranken Energy Wells DWR #16-16, DWR #14-16, DWR #1-21, DWR #2-21, DWR #3-21, DWR #4-21 and associated access corridors in Uintah County, Utah. Three Isolated Finds were identified during this inventory. Also, one previously documented cultural resource site (site 42Un2582) was encountered and revisited during this inventory.

The Isolated Finds include IF-1, a vertically set stone slab feature; IF-2, a sandstone slab pile; and IF-3, two historic hole-in-top cans. The first two isolates are not historic in origin, and so cannot be considered for eligibility to the NRHP. The historic cans are isolates and, in and of themselves, are not considered significant enough to be considered for eligibility to the NRHP. As such, cultural resources clearance is recommended for the access roads and pipelines to be constructed in the vicinity of these features.

Site 42Un2582 lies within the northern half of the proposed Ranken Energy Well DWR #14-16 access corridor. The proposed access corridor is centered on an existing two-track road. The pipeline would, under the current plan, lay on the northern margin of the two-track road and cut through site 42Un2582. AVOIDANCE of this site is recommended.

An alternate access route is suggested that will move a 100 m (328 ft) long segment of the access corridor centerline 5 m (16 ft) south-southeast of its originally proposed alignment (Figure 6). This alternate centerline for the access corridor has been flagged by Sagebrush personnel. It is also recommended that the proposed pipeline servicing Ranken Energy Well DWR #14-16 be moved south of the revised centerline where it will not impact the archaeological site in question.

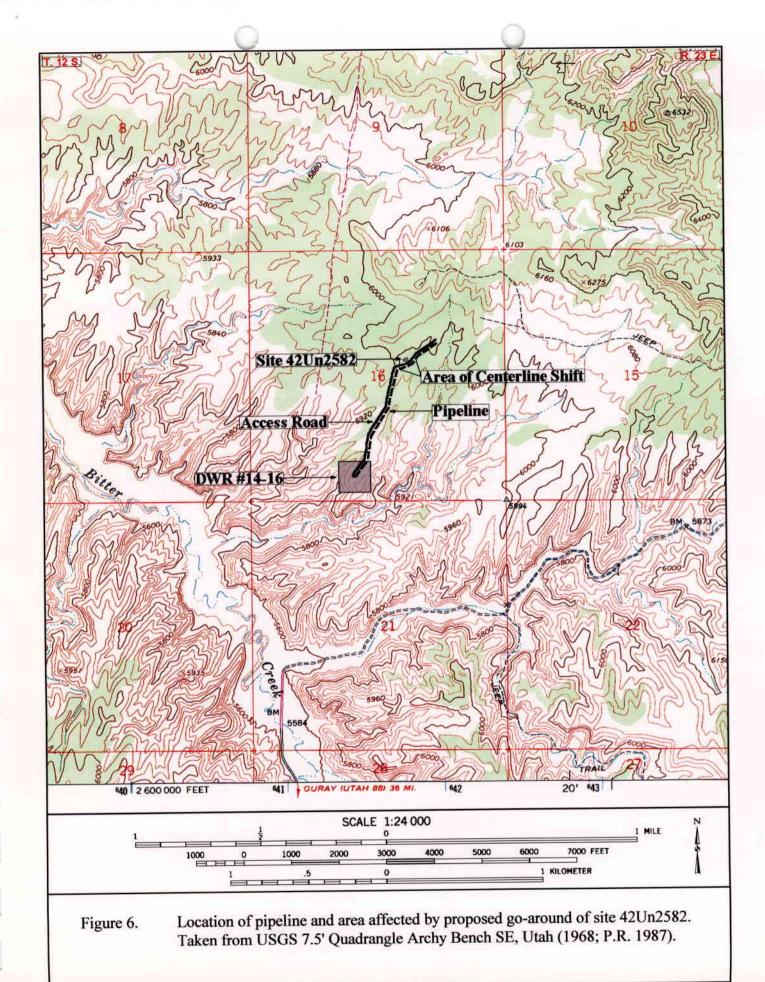
This investigation was conducted with techniques which are considered to be adequate for evaluating cultural resources that are available for visual inspection and could be adversely affected by the proposed project. However, should such resources be discovered during construction, a report should be made immediately to the State Archaeologist, Division of State History, Utah State Historic Preservation Office, Salt Lake City, Utah. Should cultural resources be discovered on lands administered by the SITLA, a supplemental report should be made immediately to the SITLA Archaeologist, Salt Lake City, Utah.

REFERENCES CITED

Conner, Carl E.

1998a Intermountain Antiquities Computer System Site Form; Site 42Un2582. Grand River Institute. Grand Junction, Colorado.

1998b Intermountain Antiquities Computer System Site Form; Site 42Un2588. Grand River Institute. Grand Junction, Colorado.



Michael O. Leavitt Governor Kathleen Clarke Executive Director Lowell P. Braxton Division Director 1594 West North Temple, Suite 1210 PO Box 145801 Salt Lake City, Utah 84114-5801 801-538-5340 801-359-3940 (Fax) 801-538-7223 (TDD)

April 25, 2000

Ranken Energy Corporation 417 West 18th Street, Suite 101 Edmond, OK 73013-3663

Re:

DWR 16-16 Well, 1054' FSL, 1192' FEL, SE SE, Sec. 16, T. 12S, R. 23E, Uintah County,

Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 et seq., Utah Administrative Code R649-3-1 et seq., and the enclosed Conditions of Approval, approval to drill the referenced well is granted.

This approval will expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-33489.

Sincerely,

John R. Baza

Associate Director

er

Enclosures

cc:

Uintah County Assessor

Division of Wildlife Resources

| Operator: | Ranken Energy Corporation | |
|------------------------|--|--|
| Well Name & Number: _ | DWR 16-16 | |
| API Number: | 43-047-33489 | |
| Lease: | Fee | |
| Location: <u>SE SE</u> | Sec. <u>16</u> T. <u>12S</u> R. <u>23E</u> | |

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division of the following actions during drilling of this well:

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
- prior to commencing operations to plug and abandon the well

Division contacts (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at (801)538-5338
- Robert Krueger at (801)538-5274 (plugging)
- . Carol Daniels at (801)538-5284 (spud)

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

- 4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations you are required to immediately suspend all operations and immediately inform the Division of Wildlife Resources and the Division of State History of the discovery of such remains.
- 5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)



Michael O. Leavitt
Governor
Brad T. Barber
State Planning Coordinator
James L. Dykmann
Committee Chairman
John A. Harja
Executive Director

State of Utah

GOVERNOR'S OFFICE OF PLANNING AND BUDGET Resource Development Coordinating Committee

116 State Capitol Building Salt Lake City, Utah 84114 (801) 538-1027 Fax: (801) 538-1547

April 20, 2000

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JUNISION OF ARRIVES TO SERVICE 1996

OIL, C. G. A. D. AMISING

Jack Lytle
Division of Wildlife Resources
1594 West North Temple
Salt Lake City, Utah 84114

SUBJECT:

Ranken Energy Corporation Easement Applications for wells #: DWR-4-21;

DWR-16-16; DWR3-21; DWR-10-29; DWR2-21; DWR-8-29; DWR-12-28;

DWR-14-16; DWR-14-28; and DWR-1-21

State Identification Number: UT000323-040 to 130

Dear Mr. Lytle,

The Resource Development Coordinating Committee (RDCC), representing the State of Utah, has reviewed this proposal. State agencies' comments are as follows:

Utah Geological Survey

There are no paleontological localities recorded in this project area. However, the Eocene Green River and Uinta Formations are exposed throughout this area, and there is potential for the occurrence of significant paleontological resources. Other exposures of these two formations in this region have yielded sites with vertebrates, plants, and insect fossils. Any surface areas that may be disturbed should be surveyed and if needed mitigated by a qualified paleontologist.

Trust Lands Administration

The Trust Lands Administration is not opposed to issuance of rights-of-way or drill site locations on lands managed by Division of Wildlife Resources ("DWR"). The Trust Lands Administration is withholding permission to Ranken Energy Corporation ("Ranken") to cross adjacent trust land to access the DWR land pending a decision by the Bureau of Land Management ("BLM") and DWR that Ranken's oil and gas drilling, road construction, travel and presence on the DWR lands and adjoining trust land and BLM land will not negatively affect the intention of the Resource Development Group ("RDG") partners to proceed with oil and gas development in the adjacent RDG environmental assessment area.

Jack Lytle
Ranken Energy Corporation Easement Applications
2

The Trust Lands Administration notes that the DWR appears to be acting inconsistently in recommending approval of surface disturbance for oil and gas exploration and development on DWR land while encouraging BLM to limit the RDG proposal.

The Committee appreciates the opportunity to review this proposal. Please direct any other written questions regarding this correspondence to the Utah State Clearinghouse at the above address or call Carolyn Wright at (801) 538-1535 or John Harja at (801) 538-1559.

Sincerely,

Brad T. Barber

State Planning Coordinator

BTB/ar

RESOURCE DEVELOPMENT COORDINATING COMMITTEE

April 11, 2000

Agenda

I. Approval of Minutes

March 14, 2000

II. Special Presentations

Great Salt Lake, and Bear Lake Drilling - Dennis Nielson (DOSECC)

General Public please note! The following items on the Agenda may or may not be discussed by the Committee. No special discussions are planned.

III. Other Proposed Actions

State

A.

| 1. | UT000322-120 | Forestry, Fire and State Lands/Grand County: Nash Wash Prescribed Burn (Sec. 16, T20S, R21E). Comments due 4/14/00. |
|----|--------------|---|
| 2. | UT000323-010 | Trust Lands Administration/Wayne County: Anderson Development Lease and Sale (Sec. 27, T29S, R4E). Comments due 4/16/00. |
| 3. | UT000323-040 | Division of Wildlife Resources/Uintah County: Ranken Energy Corporation Easement Application for well #DWR-4-21 (Sec. 21, T12S, R23E). Comments due 4/11/00. |
| 4. | UT000323-050 | Division of Wildlife Resources/Uintah County: Ranken Energy Corporation Easement Application for well #DWR-16-16 (Sec. 16, T12S, R23E). Comments due 4/11/00. |
| 5. | UT000323-060 | Division of Wildlife Resources/Uintah |

<u>4/11/00.</u>

County: Ranken Energy Corporation

Easement Application for well #DWR-3-21 (Sec. 21, T12S, R23E). Comments due

Service of the servic

FORM 8

DEC 87 ELJ

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INSTRUCTIONS

This form should be completed in compliance with the Utah Oil and Gas Conservation General Rules. If not filed prior to this time, all logs, tests, and directional surveys as required by Utah Rules should be attached and submitted with this report.

and in item 24 show the producinginterval, or intervals, top(s), bottom(s) and name(s) for only the interval reported in item 33. Submit a separate report (page) on this form, adequately identified, for each additional interval to be separately produced, showing the additional data ITEMS 22 and 24: If this well is completed for separate production from more than one interval zone (multiple completion), so state in item 22, ITEM 18: Indicate which elevation is used as reference for depth measurements given in other spaces on this form and on any attachments. pertinent to such interval.

ITEM 29: "Sacks Cement": Attached supplemental records for this well should show the details of any multiple stage cementing and the location of

IIEH 33; Submit a separate completion report on this form for each interval to be separately produced (see instruction for items 22 and 24 above).

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| Operator: | Ranken Energy Corporation | |
|-----------------------|--|---|
| Well Name & Number: _ | DWR 16-16 | |
| API Number: | 43-047-33489 | - |
| Lease: | Fee | |
| Location: SE SE | Sec. <u>16</u> T. <u>12S</u> R. <u>23E</u> | |

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division of the following actions during drilling of this well:

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
 prior to commencing operations to plug and abandon the well

Division contacts (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at (801)538-5338
- Robert Krueger at (801)538-5274 (plugging)
- Carol Daniels at (801)538-5284 (spud)

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

- 4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations you are required to immediately suspend all operations and immediately inform the Division of Wildlife Resources and the Division of State History of the discovery of such remains.
- 5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

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Name & Signature: Randolph L. Cov Dete: 5/17/00

(This opens for State use only)

COPY SENTITO OPERATOR Date: Initials:

Approved by the Utah Division of Oil, Gas and Mining

(4/84)



FACSIMILE COVER SHEET

| SEND TO: | |
|---|--|
| Company Name | From: |
| Dept. Natural Resources - Div. of Oil, Gas & Minin | g Randolph L. Coy |
| Attention: | Date: |
| Mr. John Baza Fax Number: | 5-17-00 Phone Number: |
| 801/359-3940 | 801/538-5334 |
| 001/308-08-10 | |
| X Urgent X Reply ASAP Please C | Comment Please Review For your information |
| | _ |
| | |
| Total pages, including cover sheet: | • |
| Total pages, including cover sheet: | |
| | |
| | |
| COMMENTS: | |
| | |
| John, | |
| | *************************************** |
| We decided to take this well a little deeper as well | |
| | *************************************** |
| *************************************** | |
| *************************************** | *************************************** |
| *************************************** | |
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| ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | *************************************** |
| | *************************************** |
| ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | *************************************** |
| | |
| If the quality of this facelmile is poor, please call JANET at the at | oove number. |
| is the density of man second in a boost become any as a second | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, |
| <u></u> | |
| | Class Mail |
| | al Express |
| Origin | al will NOT be sent |
| | |

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING

ENTITY ACTION FORM

Operator:

RANKEN ENERGY CORPORATION

Operator Account Number: N 6250

Address:

417 W. 18th St. Ste. 101

73013-3663 Edmond, OK

Phone Number: 405/340-2363

Wall 1

| API Number | Wel | QQ Sec Twp | | Rng County | | | | |
|--------------|--------------------------|----------------------|-------|------------|-----|---------|-----------------------------------|--|
| 43-047-33483 | DWR 14-28 | | SE SW | 28 | 12S | 23E | Uintah | |
| Action Code | Current Entity Number | New Entity Number | s | pud Da | te | | tity Assignment Effective Date | |
| A | 99999 | 12813 | 6 | /30/00 |) | 7-26-00 | | |

Wall 2

| API Number Well ! | | Name | QQ | Sec | Twp | Rng | County |
|-------------------|--------------------------|----------------------|-------|--------|-----|-----|-----------------------------------|
| 47-047-33489 | DWR 16-16 | | SE SE | 16 | 125 | 23E | Uintah |
| Action Code | Current Entity Number | New Entity Number | s | pud Da | te | | tity Assignment Effective Date |
| A | 99999 | 12814 | 5 | /10/00 |) | 7- | 26-00 |

Well 3

| L | API Number | Well | Name | C | Q | Sec | TWP | Rng | County |
|---|--------------|--------------------------|--------|----|----|--------|-----|-----|-----------------------------------|
| | 43-047-33487 | DWR 8-29 | | SE | NE | 29 | 12S | 23E | Uintah |
| | Action Code | Current Entity Number | Number | | S | pud Da | • | | lity Assignment Effective Date |
| _ | A | 99999 | 12815 | | | 6/18/0 | 00 | 7. | 26-10 |

ACTION CODES:

- A Establish new entity for new well (single well only)
- B Add new well to existing entity (group or unit well)
- C Re-assign well from one existing entity to another existing entity
- Re-assign well from one existing entity to a new entity
- Re-assign wenter:
 Other (Explain in 'comments' section)

President

Randolph L. Coy

7/20/00

Date

(6/2000)

JUL 2 5 2000

DIVISION OF OIL, GAS AND MINING



Department of Natural Resources

Division of Oil, Gas & Mining

ROBERT L. MORGAN Executive Director

LOWELL P. BRAXTON
Division Director

MICHAEL O. LEAVITT

OLENE S. WALKER Lieutenant Governor

February 20, 2004

CERTIFIED MAIL NO. 7002 0510 0003 8602 4958

Karen Kuntz Ranken Energy Corp. 417 West 18th Street Suite 101 Edmond, Oklahoma 73013-3663

Re: <u>Extended Shut-in and Temporary Abandoned Well Requirements for Fee</u> or State Leases.

Dear Ms. Kuntz:

Ranken Energy Corp., as of February 2004, has nine (9) Fee Lease Wells (see attachment A) that are currently in non-compliance for extended shut-in or temporary abandonment status. Wells SI/TA beyond twelve (12) consecutive months requires filing a Sundry Notice (R649-3-36-1). ells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon a showing of good cause by the operator (649-3-36-1.3.3). For extended SI/TA consideration the operator shall provide the Utah Division of Oil, Gas & Mining with the following:

- 1. Reasons for SI/TA of the well (R649-3-36-1.1).
- 2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and
- 3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).



Page 2 February 20, 2004 Karen Kuntz

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).

- 1. Wellbore diagram, and
- 2. Copy of recent casing pressure test, and
- 3. Current pressures on the wellbore (tubing pressure, casing pressure, and casing/casing annuli pressure) showing wellbore has integrity, and
- 4. Fluid level in the wellbore, and
- 5. An explanation of how the submitted information proves integrity.

If the required information is not received within 30 days of the date of this notice, further actions may be initiated. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,

Dustin K. Doucet Petroleum Engineer

jc

cc:

John Baza Well File

| | Well Name | API | Lease Type | Years Inactive |
|-----|-----------|--------------|------------|------------------|
| 1 | DWR 15-16 | 43-047-33346 | Fee | 2 Years 8 Months |
| _ 2 | DWR 12-22 | 43-047-33345 | Fee | 3 Years 0 Months |
| 3 | DWR 12-28 | 43-047-33481 | Fee | 3 Years 2 Months |
| 4 | DWR 14-28 | 43-047-33483 | Fee | 3 Years 3 Months |
| 5 | DWR 16-16 | 43-047-33489 | Fee | 3 Years 3 Months |
| 6 | DWR 8-29 | 43-047-33487 | Fee | 3 Years 5 Months |
| _7 | DWR 1-21 | 43-047-33480 | Fee | 3 Years 7 Months |
| 8 | DWR 14-16 | 43-047-33482 | Fee | 3 Years 7 Months |
| 9 | DWR 12-21 | 43-047-33344 | Fee | 4 Years 1 Month |



Department of Natural Resources

Division of Oil, Gas & Mining

ROBERT L. MORGAN Executive Director

LOWELL P. BRAXTON Division Director May 10, 2004

CERTIFIED MAIL NO. 7002 0510 0003 8602 5412

Mr. Randolph L. Coy Ranken Energy Corporation 417 W. 18th Street Suite 101 Edmond, Oklahoma 73013-3663

Re: Extended Shut-in and Temporary Abandoned Well Requirements for Fee or State Leases dated February 20, 2004.

Dear Mr. Coy,

The Division of Oil, Gas and Mining (DOGM) is in receipt of your letter dated March 3, 2004 in regards to the nine (9) shut-in wells operated by Ranken Energy Corporation (Ranken). It is our understanding Ranken is actively seeking a partner or investor for these properties to share the financial burden necessary to make these wells productive.

Based upon the proposed plan to complete this project and put these properties into production this year and other information provided at this time, DOGM approves the nine (9) wells for extended shut-in until January 1, 2005. However, in the future it will be necessary to address all requirements described in the DOGM February 20, 2004 correspondence before these properties will be considered for any additional extended SI/TA status.

For reference, Attachment A lists the wells subject to this request. If you have any questions or need additional assistance in regards to the above matters please contact me at (801) 538-5281.

ec well file

Dustin Doucet Petroleum Engineer



| Well Name | API | Lease Type | Years Inactive |
|-----------|--|---|---|
| DWR 15-16 | 43-047-33346 | Fee | 2 Years 8 Months |
| DWR 12-22 | 43-047-33345 | Fee | 3 Years 0 Months |
| DWR 12-28 | 43-047-33481 | Fee | 3 Years 2 Months |
| DWR 14-28 | 43-047-33483 | · · · · · · · · · · · · · · · · · · · | 3 Years 3 Months |
| DWR 16-16 | 43-047-33489 | | 3 Years 3 Months |
| DWR 8-29 | 43-047-33487 | | 3 Years 5 Months |
| DWR 1-21 | 43-047-33480 | | 3 Years 7 Months |
| DWR 14-16 | 43-047-33482 | | 3 Years 7 Months |
| DWR 12-21 | 43-047-33344 | | 4 Years 1 Month |
| | DWR 15-16 DWR 12-22 DWR 12-28 DWR 14-28 DWR 16-16 DWR 8-29 DWR 1-21 DWR 14-16 | DWR 15-16 43-047-33346 DWR 12-22 43-047-33345 DWR 12-28 43-047-33481 DWR 14-28 43-047-33483 DWR 16-16 43-047-33489 DWR 8-29 43-047-33487 DWR 1-21 43-047-33480 DWR 14-16 43-047-33482 | DWR 15-16 43-047-33346 Fee DWR 12-22 43-047-33345 Fee DWR 12-28 43-047-33481 Fee DWR 14-28 43-047-33483 Fee DWR 16-16 43-047-33489 Fee DWR 8-29 43-047-33487 Fee DWR 1-21 43-047-33480 Fee DWR 14-16 43-047-33482 Fee |

Attachment A



417 W. 18th Street, Suite 101 Edmond, Oklahoma 73013-3663 (405) 340-2363 • Fax (405) 340-2365



March 3, 2004

RE: Well Status of Ranken Energy Corporation Wells

Uintah County, Utah Oil Springs Ranch Project

Mr. Dustin K. Doucet, Petroleum Engineer State of Utah Department of Natural Resources Division of Oil, Gas & Mining 1594 West North Temple, Suite 1210 Salt Lake City, Utah 84114-5801

RECEIVED
APR 0 5 2004

DIV. OF OIL, GAS & MINING

Dear Mr. Doucet:

Per our telephone discussion on this date concerning the reason why some of our wells are currently shut in on our fee leasehold and the death of my partner, please let me reiterate further. Approximately 2 years ago Ranken's largest investor/partner suddenly passed away due to an accident. He controlled 62.5% of the working interest in our project and unfortunately he had no children. His heirs are his brothers and sisters who are exceedingly older and know nothing about the oil and gas industry. His estate is currently being liquidated. Needless to say, when he passed away, no further expenditures took place in our project. Our project essentially ceased at the time of his death. Some of our wells haven't even been completed as yet. Additional zones of interest behind pipe exist in many of the wells.

We have been trying to replace this interest w/ other companies/investors for quite some time. Only in recent months, since the gas prices in the Rocky's have gained some momentum, have we been able to attract some serious consideration. We currently have some on-going dialog with seven different companies at this time. We are cautiously optimistic that a deal will be done this year, perhaps even quicker, and our project will move forward once again.

Per your request, listed below is a status report on the wells that you listed in your letter to Ranken Energy Corporation dated February 20, 2004:

DWR 15-16: This well was completed in the Wasatch in July 1999. New 15.5 #/ft. casing was run in the hole. A DV tool was set at 2790' and packer was set at 2717'. Top perfs are at 2803' - 13'. A plunger lift system was installed on 5-9-2000. The estimated top of cement is 700'. Current SITP is 680 PSI and SICP is 760 PSI. We

- 2. are planning on putting this well back on production pending the results of a short period flow test currently underway.
- 3. <u>DWR 12-21</u>: This well was completed in the Wasatch and Mesa Verde in December 1999. New 15.5 #/ft 5 ½" casing was run in the hole. A DV tool was set at 3672'.
- 4. The top perfs are at 2685' 95'. The estimated top of cement is at 722'. Current SICP is 180 PSI and the SITP is 320 PSI. This well would be part of a localized compression system that may be installed.
- 5. DWR 12-22: This well was completed in the Mesa Verde in December 1999. New 15.5 #/ft 5 ½" casing was run in the hole with DV tool at 2994. The well was later drilled out horizontally in the Mesa Verde and a subsequent completion report was filed in October 2001. The well currently has a SICP of 440 PSI and a SITP of 360 PSI. This well is also part of our compression plan. In addition, this well produces about 30-40 BWPD. A disposal well is being considered in the area to not only handle this water but also produced water from other wells on our fee block.
- 6. DWR 12-28: This well was completed in the Wasatch in July 2000. New 4 ½" 10.5 #/ft casing was run in the hole. The well currently has a SICP of 320 PSI and a SITP of zero. This well has a down hole positive displacement pump installed with a 6 cylinder gas engine to turn the rod string. This well will make 200-300 BWPD and 150-250 MCFGPD. However, the cost to haul water is too great to justify. The possible SWDW mentioned above would also service this well.
- 7. DWR 14-28: This well was completed in the Wasatch in November 2000. New 4 ½" 11.6 #/ft casing was run in the hole. The well currently has a SICP of 10 PSI and SITP of 10 PSI. Cement was circulated to surface after pumping a total of 975 sacks of cement. The original zones that were perforated were not commercially productive. However, there are additional zones behind pipe that remain prospective and need to be tested prior to abandonment of the wells.
- 8. DWR 14-16: This well was completed in the Green River formation in June 2000. New 4 ½" 10.5 #/ft casing was run in the hole and was cemented with 725 sacks of cement. Cement was circulated to surface. The well currently has a SICP of zero and a SITP of 5 PSI. Additional potential exists in the shallower formations in this well and should be tested prior to abandonment.
- 9. DWR 16-16: This well was drilled and completed in the Wasatch in January 2000. New 4 ½" 10.5 #/ft casing was run in the hole and was cemented with 755 sacks of cement. Cement was circulated to surface. The well currently has 80 PSI SICP and 80 PSI SITP. Additional potential exists in the shallower formations in this well and should be tested prior to abandonment. Both this well and the DWR 14-14 could be tied into the compression facility mentioned earlier.
- 10. <u>DWR 8-29</u>: This well was drilled and completed in the Mesa Verde and Wasatch in August 2000. New 4 ½" 10.5 #/ft casing was run in the hole and cemented with 510 sacks cement. Cement was circulated to surface. The current SICP is zero and the current SITP is also zero. The original zones that were perforated were not

commercially productive without compression. Additional zones of interest are present behind pipe and should be tested prior to abandonment.

11. <u>DWR 1-21</u>: This well was drilled and completed in the Green River and Wasatch in June 2000. New 4 ½" 10.5 #/ft casing was run in the hole and cemented with 605 sacks of cement. Cement was circulated to surface. The current SICP is 160 PSI and the current SITP if 140. This well cannot produce without the aid of compression.

As you can now see, 5 of the 9 wells listed on your report have cement to surface. The remaining 4 wells all have "produceable" pressures that either needs compression help or a water disposal well. We are making progress with potential new partners and if successful, new completion work on existing wells will take place.

In summary, we respectfully request that shut in status be granted for these wells. Should you have any questions please do no hesitate to call or write. Thank you for your consideration and cooperation.

Sincerely,

Randolph L. Coy

President

RLC/adb

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES

| | DIVISION OF OIL, GAS AND M | IINING | | 5. LEASE DESIGNATION AND SERIAL NUMBER: SEE ATTACHED |
|---|---|-------------------------------|------------------------------|---|
| SUNDRY | NOTICES AND REPORT | S ON WELLS | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: SEE ATTACH |
| Do not use this form for proposals to drill r | new wells, significantly deepen existing wells below co | urrent bottom-hole depth. ree | enter plugged wells or to | 7. UNIT or CA AGREEMENT NAME: |
| 1. TYPE OF WELL | aterals. Use APPLICATION FOR PERMIT TO DRILL | form for such proposals. | The progget noise, or to | OIL SPRINGS 8. WELL NAME and NUMBER: |
| OIL WELL | GAS WELL / OTHER | | | SEE ATTACHED |
| 2. NAME OF OPERATOR: MAK-J ENERGY PARTNI | ERS, LTD | | | 9. API NUMBER: |
| 3. ADDRESS OF OPERATOR: 370 17TH ST STE 2710 | y DENVER STATE CO ZII | | NE NUMBER: | 10. FIELD AND POOL, OR WILDCAT: |
| 4. LOCATION OF WELL | Y DENVER STATE CO | p 00202 1 (30 | 03) 339-5871 | L |
| FOOTAGES AT SURFACE: SEE A | TTACHED LIST | | | COUNTY: UINTAH |
| QTR/QTR, SECTION, TOWNSHIP, RAN | IGE, MERIDIAN: | | | STATE: UTAH |
| 11. CHECK APP | ROPRIATE BOXES TO INDICAT | TE NATURE OF | NOTICE, REPO | RT, OR OTHER DATA |
| TYPE OF SUBMISSION | | TYPE | OF ACTION | |
| ☐ NOTICE OF INTENT | ACIDIZE | DEEPEN | | REPERFORATE CURRENT FORMATION |
| (Submit in Duplicate) | L ALTER CASING | FRACTURE TREA | λT | SIDETRACK TO REPAIR WELL |
| Approximate date work will start: | CASING REPAIR | NEW CONSTRUC | TION | TEMPORARILY ABANDON |
| | CHANGE TO PREVIOUS PLANS | OPERATOR CHAI | NGE | TUBING REPAIR |
| | CHANGE TUBING | PLUG AND ABANI | DON | VENT OR FLARE |
| SUBSEQUENT REPORT (Submit Original Form Only) | CHANGE WELL NAME | PLUG BACK | | WATER DISPOSAL |
| Date of work completion: | CHANGE WELL STATUS | PRODUCTION (ST | FART/RESUME) | WATER SHUT-OFF |
| | COMMINGLE PRODUCING FORMATIONS | RECLAMATION O | | OTHER: |
| 40 0500005 | CONVERT WELL TYPE | | DIFFERENT FORMATION | |
| | MPLETED OPERATIONS. Clearly show all | pertinent details including | g dates, depths, volume | es, etc. |
| EFFECTIVE DATE: | vgust 23, 2004 | | | |
| • | | | | |
| OLD OPERATOR: | - | | NEW OPERATO | DR: |
| RANKEN ENERGY CORF | | | MAK-J ENERGY | Y PARTNERS, LTD N 2670 |
| 417 W. 18TH STREET SI | | | 370 17TH STRE | EET , SUITE 2710 |
| EDMOND, OKLAHOMA 7 405-340-2363 | 3013-3663 | | DENVER, CO 8 303-468-0090 | 30202 |
| | | ~/ a | | 11 0 1 0 0 0 N 1 0 0 T// |
| PLEASE SEE ATTACHED |) WELL LIST | States | fee Bond # | #SLCPPDX02546 |
| TELNOL OLL ATTACHLE | | • | O | |
| | well I lay | | | |
| RANDOLPH COY PRESIDENT | | | | |
| RANKEN ENERGY CORP | • | | | |
| | | | | |
| NAME (PLEASE PRINT) STEVE | AN HOOSE / / | \ | /ICE PRESIDEN | Т |
| WANTE (FLENGE FRINT) | 2//// | TITLE V | 06-21- | |
| SIGNATURE STUD | elly SH | DATE | 9/23/20 | <u>94</u> |
| (This space for State use only) | | | | RECEIVED |
| • | | | | AUG 2 5 2004 |
| | | | | 700 6 3 4884 |

| | WELL NAME | API | STATUS | 1/4 1/4 | SEC. | TWN | RANGE | | 7 20 |
|----|------------|--------------|---|------------|----------|------------|----------|----------|--------|
| | | | | . 117 117 | JEU. | IVVN | KANGE | <u> </u> | CO |
| 1 | DWR #1-21 | 43-047-33480 | COMPLETED, NO SURFACE EQUIPMENT. | A 155 A 15 | | | | <u> </u> | Г |
| 2 | DWR #5-28 | 43-047-33343 | GAS EQUIPMENT ON LOCATION | NENE | 21 | 12\$ | 23E | SLB&R | UINTA |
| | | 10 011 00010 | COMPLETED. NO SURFACE EQUIPMENT. | SWNW | 28 | 12S | 23E | SLB&R | UINTA |
| 3 | DWR #8-29 | 43-047-33487 | SHUT IN | SENE | 29 | 12S | 23E | SLB&R | |
| 4 | DWR #12-21 | 43-04-33344 | EQUIPMENT ON LOCATION SHUT IN | NWSW | 21 | 12S | | | UINTA |
| _5 | DWR #12-22 | 43-047-33345 | EQUIPMENT ON LOCATION SHUT IN | NWSW | 22 | | 23E | SLB&R | UINTA |
| 6 | DWR #12-28 | 43-047-33481 | EQUIPMENT ON LOCATION SHUT IN | NWSW | | 125 | 23E | SLB&R | UINTA |
| 7 | DWR #14-16 | 43-047-33482 | COMPLETED, NO SURFACE EQUIPMENT. | SESW | 28 16 | 12S 12S | 23E | SLB&R | UINTAI |
| 8 | DWR #14-28 | 43-047-33483 | COMPLETED. NO SURFACE EQUIPMENT, SHUT IN | SESW | 28 | 12S | 23E | SLB&R | UINTA |
| 9 | DWR #15-16 | 43-047-33346 | EQUIPMENT ON LOCATION SHUT IN | SWSE | | | 23E | SLB&R | UINTA |
| 10 | DWR #16-16 | 43-047-33489 | COMPLETED. NO SURFACE EQUIPMENT. | SESE | 16 | 128 | 1 23E | SLB&R | UINTAH |
| | | | | | 16 | 12\$ | 23E | SLB&R | UINTA |
| | | | | | 1 | · | <u> </u> | | |

MAK ENERGY

370 17^m Street, Suite 2710 Denver, Colorado, 80202

303-468-0090 VOICE 303-468-0092 FAX

STATE OF UTAH FARLENE

MAK-J ENERGY PARTNERS LEFT OFF OR FORM 9 OPERATOR CHANGE TWO WELLS THAT THE LOCATION WAS BUILT.

PLEASE ADD TO YOUR LIST.

DWR #2-21 - 43-047-33484 DWR #3-21 - 43-047-33485

PLEASE LET ME KNOW IF YOU NEED ME TO FILL OUT ANOTHER SUNDRY.

CINDY BUSH

OPERATIONS COORDINATOR

RECEIVED

SEP 0 2 2004

DIV. OF OIL, GAS & MINIMO

APPROVED 91/4104

Division of Oil, Gas and Mining Earlene Russell, Engineering Technician

OPERATOR CHANGE WORKSHEET

| ROUTING |
|---------|
| 1. GLH |
| 2. CDW |
| 3 FILE |

X Change of Operator (Well Sold)

Designation of Agent/Operator

Operator Name Change

Merger

| The operator of the well(s) listed below h | 8/23/2004 | | | | | | | |
|---|--|------|-------|------------|--------------|---------------|--|---------------------------------------|
| FROM: (Old Operator): N6250-Ranken Energy Corp 417 W 18th St, Suite 101 Edmond, OK 73013-3663 Phone: 1-(405) 340-2363 | TO: (New Operator): N2670-MAK-J Energy Partners, LTD 370 17th St, Suite 2710 Denver, CO 80202 Phone: 1-(303) 468-0090 Unit: | | | | | | | |
| WELL(S) | | - | | | | | | · · · · · · · · · · · · · · · · · · · |
| NAME | SEC | TWI | N RNG | API NO | ENTITY NO | LEASE TYPE | WELL TYPE | WELL STATUS |
| DWR 5-28 | 28 | | 230E | 4304733343 | 12605 | | GW | P |
| DWR 12-21 | 21 | 120S | | 4304733344 | 12606 | Fee | GW | s |
| DWR 12-22 | 22 | | | 4304733345 | 12640 | Fee | GW | S |
| DWR 15-16 | 16 | | | 4304733346 | 12641 | Fee | GW | S |
| DWR 1-21 | 21 | | | 4304733480 | 12811 | Fee | GW | S |
| DWR 12-28 | 28 | | | 4304733481 | 12810 | Fee | GW | S |
| DWR 14-16 | 16 | | | 4304733482 | 12812 | Fee | GW | S |
| DWR 14-28 | 28 | | | 4304733483 | 12813 | Fee | GW | S |
| DWR 8-29 | 29 | 120S | | 4304733487 | 12815 | Fee | GW | S |
| DWR 16-16 | 16 | 1208 | 230E | 4304733489 | 12814 | Fee | GW | S |
| DWR 2-21 | 21 | 1205 | 230E | 4304733484 | | Fee | GW | 14-5/1 |
| DWR 3-21 | 21 | | | 4304733485 | — | Fee | GW | LA <i>TA</i> LA |
| | | | | | | | | 271 |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |

OPERATOR CHANGES DOCUMENTATION

| Enter date a | iter each | listed item | is comp | leted |
|--------------|-----------|-------------|---------|-------|
|--------------|-----------|-------------|---------|-------|

| (1049-6-10) Suildry 0 | i legal documentation | was received from the | FORMER operator on: | 8/2: |
|-----------------------|-----------------------|--|--|--|
| | (1049-6-10) Sulldry 0 | (1043-6-10) Suildry of legal documentation | (1049-6-10) Suitary of legal documentation was received from the | (1049-6-10) Sundry of legal documentation was received from the FORMER operator on: |

2. (R649-8-10) Sundry or legal documentation was received from the NEW operator on:

8/25/2004

operator on: 8/25/2004 & 9/2/2004

| 3. | The new company was checked on the Department of | Commerce, Division of Corporat | tions Database on: | |
|----|---|--------------------------------|--------------------|--|
| 4. | Is the new operator registered in the State of Utah: | YES Business Number: | 5690747-0181 | |

8/30/2004

5. If NO, the operator was contacted contacted on:

6a. (R649-9-2)Waste Management Plan has been received on:

To Follow

6b. Inspections of LA PA state/fee well sites complete on:

8/31/2004

| 7. Federal and Indian Lease Wells: The BLM and or the BIA has or operator change for all wells listed on Federal or Indian leases on: | s approved the merger, name change, BLM n/a BIA n/a |
|--|--|
| 8. Federal and Indian Units: The BLM or BIA has approved the successor of unit operator for wells li | sted on: n/a |
| 9. Federal and Indian Communization Agreements ("CA"): The BLM or BIA has approved the operator for all wells listed within a Communication. | CA on: <u>n/a</u> |
| 10. Underground Injection Control ("UIC") The Division h Inject, for the enhanced/secondary recovery unit/project for the water disp | as approved UIC Form 5, Transfer of Authority to osal well(s) listed on: |
| DATA ENTRY: Changes entered in the Oil and Gas Database on: 8/31 | /2004 & 9/14/2004 |
| 2. Changes have been entered on the Monthly Operator Change Spread Sh | 8/31/2004 & 9/14/2004 |
| 3. Bond information entered in RBDMS on: 8/31. | <u>/2004</u> & 9/14/2004 |
| 8. Fee/State wells attached to bond in RBDMS on: 8/31 | <u>/2004</u> & 9/14/2004 |
| . Injection Projects to new operator in RBDMS on: | √a |
| 6. Receipt of Acceptance of Drilling Procedures for APD/New on: | n/a |
| FEDERAL WELL(S) BOND VERIFICATION: 1. Federal well(s) covered by Bond Number: | ı/a |
| INDIAN WELL(S) BOND VERIFICATION: I. Indian well(s) covered by Bond Number: | n/a |
| FEE AND STATE WELL(S) BOND VERIFICATION: 1. (R649-3-1) The NEW operator of any fee well(s) listed covered by Bond | Number SLCPPDX02546 |
| 2. The FORMER operator has requested a release of liability from their bond. The Division sent response by letter on: 9/1 | l on: 8/24/2004 /2004 |
| LEASE INTEREST OWNER NOTIFICATION: 3. (R649-2-10) The FORMER operator of the fee wells has been contacted a of their responsibility to notify all interest owners of this change on: | nd informed by a letter from the Division 8/31/2004 & 9/14/2004 |
| COMMENTS: Two LA wells had locations built by Ranken; the DWR 2-21 had su | rface casing set. |
| | |
| | |

| | STATE OF UTAH | | | | FORM 9 |
|---|--|--|--|-------------------------|----------------------------|
| ı | DEPARTMENT OF NATURAL RESOU DIVISION OF OIL, GAS AND MI | | | 5. LEASE DESIG | ENATION AND SERIAL NUMBER: |
| SUNDRY | NOTICES AND REPORTS | S ON WEL | .LS | 6. IF INDIAN, AL | LOTTEE OR TRIBE NAME: |
| Do not use this form for proposals to drill no drill horizontal la | ew wells, significantly deepen existing wells below cur terals. Use APPLICATION FOR PERMIT TO DRILL 1 | rrent bottom-hole de form for such propos | oth, reenter plugged wells, or to als. | 7. UNIT or CA A | GREEMENT NAME: |
| 1. TYPE OF WELL OIL WELL | | | | 8. WELL NAME (DWR #16- | -16 |
| 2. NAME OF OPERATOR: MAK-J ENERGY OPERAT | ING COMPANY, LLC | | | 9. API NUMBER: 43047334 | |
| 3. ADDRESS OF OPERATOR: | · · · · · · · · · · · · · · · · · · · | 00000 | PHONE NUMBER: | 10. FIELD AND F | POOL, OR WILDCAT: |
| 370 17TH STREET, STE 271 _{CITY} 4. LOCATION OF WELL | DENVER STATE CO ZIP | ,80202 | (303) 339-5871 | WILDCAT | |
| FOOTAGES AT SURFACE: 1054' F | FSL & 1192' FEL | | | COUNTY: UII | HATM |
| QTR/QTR, SECTION, TOWNSHIP, RANG | ge, meridian: SESE 16 12S 2 | !3 E | | STATE: | UTAH |
| 11. CHECK APPR | ROPRIATE BOXES TO INDICAT | E NATURE | OF NOTICE, REPO | RT. OR OTH | HER DATA |
| TYPE OF SUBMISSION | | | YPE OF ACTION | , | |
| NOTICE OF INTENT | ACIDIZE | DEEPEN | | REPERF | FORATE CURRENT FORMATION |
| (Submit in Duplicate) | ALTER CASING | FRACTUR | TREAT | SIDETR | ACK TO REPAIR WELL |
| Approximate date work will start: | CASING REPAIR | اسما | STRUCTION | _ | RARILY ABANDON |
| | CHANGE TO PREVIOUS PLANS | | R CHANGE | | REPAIR |
| SUBSEQUENT REPORT | CHANGE TUBING CHANGE WELL NAME | PLUG AND | ABANDON | | R FLARE DISPOSAL |
| (Submit Original Form Only) | CHANGE WELL STATUS | | ON (START/RESUME) | | SHUT-OFF |
| Date of work completion: | COMMINGLE PRODUCING FORMATIONS | | TION OF WELL SITE | <u></u> | EXTEND SI PERIOD |
| | CONVERT WELL TYPE | | ETE - DIFFERENT FORMATION | OTHER. | EXTEND OF ERIOD |
| 12. DESCRIBE PROPOSED OR CO | MPLETED OPERATIONS. Clearly show all p | pertinent details in | cluding dates, depths, volum | es. etc. | |
| MAK-J ENERGY RESPEC DECEMBER 31, 2005. | CTFULLY REQUEST EXTENDE | D SHUT IN I | FOR THE ABOVE M | ENTIONED | WELL UNTIL |
| COPY SENT TO OPERAL U-18-05 Indicate CHO | | | | | |
| NAME (PLEASE PRINT) CINDY BU | ISH | TIT | , OPERATIONS C | OORDINAT | OR |
| SIGNATURE | Bush | DA | 12-10 | | |
| OFI | DVED BY THE STATE STAH DIVISION OF GAS, AND MINING | | | | RECEIVED DEC 1 6 2004 |

(5/2000)

BY: Del RV (See Instructions on Reverse Side)

X see Attached letter dated April 13,2005 DIV. OF OIL, GAS & MINING WELL NAME:

DWR 16-16

12 1/4 Hole ---

8 jts - 8 5/8" @ 307 Circ w/ 210 sx 'Premium'

7 7/8" Hole =

Wasatch - 2658'

3454

3468

3850 3854

93 jts 4 1/2", 10 5# J55 @ 3958"

LOCATION: FIELD:

1054' FSL & 1192' FEL

Sec 16-12S-23E

Unnamed

KB: API NO: Fed Lae No: PBTD:

GL:

TD:

5964 5975 430-4733-489

3918 3960 Surveys Depth Ft Degrees 870 1000 1030 2157 21/2 2407 2719 3/4 2906 3960'



Spudded 12 1/4" hole 4/22/00. Drilled to 307'. Ran 8 jts 8 5/8", 24# casing and landed at 307'. Cemented with 210 sks Premium Cement containing 2% CaCl & 1/4 #/sk Celloflake. Drilled 7 7/8" hole to 1604' where circulation was lost. Mudded up and regained circulation. Drilled to total depth of

Mud log shows: 540' - 570': 10 units - 48 units, 630' - 670': 0 units - 133 units, 2110' - 2140': 3 units -60 units, 3000' - 3060': 2 units - 22 units, 3460' - 3485': 2 units - 22 units, 3851' - 3860': 8 units - 235 units.

Ran 93 Joints 4 1/2", 10.5#/ft J55 casing. Landed at 3958'. Cemented with 755 sacks Premium 300 cement w/ 1/4#/sx Poly-E-Flake, 3/10 of 1% CFR-3, 5/10 of 1% Halad 9, 2% gel, 2% microbond & 2/10 of 1% Super CBL mixed at 14.5#/gal. Cement did not circulate but 20 bbis of pre-flush was circulated.

Perforated Wasatch interval from 3850' - 3854', 4 JSPF, Acidized w/ 500 gallons 7 1/2% acid. Attempt to frac. Well pressured up on pad to 5567#. Re-acidize with 500 gallons 15% acid. Frac Wasatch with 20,100# 20/40 sand. Flow back frac. Well started with 1100 psi on casing. After 13 1/2 hours flowing pressure was down to 40 psi. Trip in and tagged sand at 3845'. Clean out to 3904'. Recovered mostly water after recovering all of load back (some question regarding this as Halliburton's bbi counters were malfunctioning). Set a CIBP at 3800'.

Perforate Wasatch from 3454' - 3468' w/ 4 JSPF. Acidize with 1000 gallons 7 1/2% acid. Swabbed all load back with no show of gas. Well currently shut in, no tubing in the hole.

Cement 4 1/2" casing w/755 sxs Premium 300 with additives

CIBP at 3800' w/ 2 sxs cement

PBTD 3918' (float collar)

TSM

Date

12/7/2004

Prepared by:



303-468-0090 VOICE 303-468-0092 FAX

RECEIVED

JAN 2 4 2005

DIV. OF OIL, GAS & MINING

January 17, 2005

Clinton Dworshak
State of Utah
Department of Natural Resources
Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

Re: Request for Extended Shut-in

Dear Mr. Dworshak,

This is a follow up letter to our late December phone discussion regarding the requested extended shut-in on our recently purchased Ranken Energy wells in Uintah County, Utah. Since our talk Mak-J Energy has collected tubing and casing pressures on all of the wells, has performed a casing integrity test on the DWR #12-28, and took the preliminary steps to convert the DWR #12-28 well into a produced water disposal well. Pressures were recorded on December 20th and the results are as follows:

| DWR #14-28 DWR #12-21 DWR #12-22 DWR #14-16 DWR #15-16 DWR #16-16 DWR #1-21 DWR #5-28 | Tubing 285 psi 165 psi 280 psi 0 psi 760 psi 80 psi 150 psi producing | Casing 285 psi ? (casing valve is half buried in frozen dirt, unable to free up) 415 psi 0 psi 760 psi 80 psi 150 psi |
|--|---|---|
| DWR #12-28 | integrity test | performed |

As mentioned in my earlier letter, tubing and casing pressures will be monitored and recorded on a quarterly basis. Mak-J Energy believes quarterly monitoring of wellhead pressures is an effective tool to verify casing integrity. Most casing failures are due to corrosive waters coming into contact with un-cemented pipe. All of the wells in the field, during the cementing of each production string, circulated cement to surface. Indicating, in all likelihood, the protection of the pipe is good. If a casing leak did occur one would think the casing would fill with water and both the tubing and casing pressure would go to zero. Initial reservoir pressure of these wells is normal or slightly below normal pressures (< 0.433 psi/ft). Although the DWR #14-16 has no pressure on the tubing and/or casing, in this



303-468-0090 VOICE 303-468-0092 FAX

instance, I do believe the well has casing integrity. This well is perforated near the surface (620' - 670') in the Green River Formation. This interval tested wet and after 4 days of being shut-in on initial completion, with a packer in the hole, the tubing registered 0 psi.

Mak-J Energy plans to re-complete the DWR #12-21 well. Mak-J Energy has filed for four (4) drilling permits in the immediate area. We also began staking an additional 16 on January 13th. It is anticipated that drilling will occur sometime in July with completion operations taking place in August. Mak-J proposes to re-complete the DWR #12-21 in the Mesaverde Formation in August / September of this year when services are in the immediate area.

Mak-J Energy performed the necessary pump in tests on the DWR #12-28 to convert it to a salt water disposal well. It is imperative that a cheaper way to dispose of water in this area be found. Unfortunately, this well proved to have to low of permeability in the interval chosen to dispose of water into. Pressures were exceedingly high at low injection rates and the conversion of this well has been canceled. Another candidate will have to be chosen. Again, this will take place this summer. A casing integrity test however was performed on this well. The casing was tested to 2,550 psi and held for 30 minutes with 6 psi of falloff (see enclosed job log).

Again, Mak-J Operating Company, LLC respectfully requests continued shut-in status be granted to these wells until December 31, 2005. If you have any questions in regards to the above matters please do not hesitate and contact me at (303) 339-5873.

Sincerely,

Todd S. McDonald Vice President

Jul & M. Wand



303-468-0090 VOICE 303-468-0092 FAX

December 7, 2004

Dustin K. Doucet State of Utah Department of Natural Resources Division of Oil, Gas & Mining

Re: Request for Extended Shut-in

RECEIVED
DEC 1 6 2004

DIV. OF OIL, GAS & MINING

Dear Mr. Doucet,

Mak-J Energy Operating Company, LLC recently purchased certain oil and gas assets from Ranken Energy Corp., Edmond, Oklahoma. These assets include 10 wells and associated equipment generally located in Sections 16 – 28, T12S-R22E, Uintah County. The wells are located on lands owned by the Division of Wildlife. One (1) of the ten wells is currently producing. Mak-J officially took over operations on August 1st, 2004.

This letter is in reference to your letter to Ranken Energy dated May 10, 2004 granting extended shut-in for nine wells until January 1, 2005. Enclosed are 9 Sundry Notices requesting continued shut-in status for these wells. Since July of this year Mak-J has amassed approximately 37,000 gross acres in and around these properties. We currently have four Applications for Permit to Drill pending with the Bureau of Land Management, Vernal. It is our intent to be extremely active in this area and hopefully build it into a core area for this company. We are currently working the regional geology and reviewing well histories in an attempt to learn these properties in greater detail. Based upon our current studies our plans for the property are as follows:

- 1. Convert the DWR #12-28 (API #43-047-33481) into a salt water disposal well
- 2. Re-complete, open new pay, and fracture stimulate the DWR #12-21 (API #43-047-33344)

In order to make the wells in this area economic to operate it is essential one finds a cheaper way to dispose of produced water. Currently, produced water is being trucked to Ace Disposal, approximately 10 miles west of Vernal at a cost of approximately \$2.00 per barrel. These wells cannot support this expense. Submittal of our application for an underground water disposal permit is approximately 2 weeks away. Because these lands are located in "Indian Country" the permitting process is administered by Region 8 of the Environmental Protection Agency. The filing process and paper work is long and tedious.

I am sure you are well aware activity in the basin is at an all time high. The recent Federal lease sale is proof of this. The heightened activity is due primarily to the success operators are experiencing drilling and completing Mesaverde wells. In the past most completion attempts have been in the shallower Wasatch Formation. The DWR #12-21 well is completed both in the Mesaverde and the Wasatch. However, coals in the Mesaverde interval were



303-468-0090 VOICE 303-468-0092 FAX

perforated not the sands. It is Mak-J's intent to cement squeeze the existing perforated intervals in both the Mesaverde and Wasatch Formations and then perforate sands within the Mesaverde group and fracture stimulate. It is anticipated that 4 separate fracture treatments will be done on this well. Due to the remote nature of the well in addition to the competitive nature of securing services (pump trucks, pulling units, consultants) it is our intent to perform this operation as part of our larger drilling/completion program. According to the BLM we should be receiving approved APD's sometime around April of next year.

Because of the aforementioned Mak-J is requesting extended shut-in of the nine wells until December 31, 2005.

Enclosed are wellbore diagrams of the nine wells. In every instance new casing was run and cemented in the well. It is highly unlikely in just 5 years time that any of the casings has failed. Especially in light of the fact most primary cement work involved the pumping of two stages of cement using DV tools to assure high cement lift. In fact 7 of the 9 wells circulated cement to surface. To ensure casing integrity Mak-J proposes to monitor and record surface pressures, both tubing and casing, on a quarterly basis. The wells have been shut in long enough that any variations in surface pressures from quarter to quarter may indicate a potential problem. If that is the case Mak-J will expedite a rig to location and verify integrity or lack thereof. In the case of the latter and after approval is granted by the State, operations will be immediately undertaken to either cure the problem or abandon the well.

Again, Mak-J Operating Company, LLC respectfully requests continued shut-in status be granted to these wells until December 31, 2005. If you have any questions in regards to the above matters please do not hesitate and contact me at (303) 339-5873.

Sincerely,

Todd S. McDonald

Jud & m Duall

Vice President



State of Utah

Department of Natural Resources

MICHAEL R. STYLER Executive Director

Division of Oil, Gas & Mining

MARY ANN WRIGHT Acting Division Director

State of Made

Daniel Court of

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Ath. 99.21 R. 535,008

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Division of

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NEEDS OF SERVICES

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Manager and the

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i jarinas pi Mistori eta JON M. HUNTSMAN, JR.

GARY R. HERBERT Lieutenant Governor 128 23E Soc 16

April 13, 2005

Mak-J Energy Operating Company, LLC

Attn: Todd S. McDonald 370 17th Street, Suite 271 Denver, CO 80202

Re: Approval for Extension of Shut-in or Temporarily Abandoned Status for Wells on Fee or State Leases

Dear Mr. McDonald,

The Division of Oil, Gas and Mining (the "Division") is in receipt of your letters dated December 7, 2004 (received by the Division on December 16, 2004) and January 17, 2005 (received by the Division on January 24, 2005) in regards to the ten (10) shut-in or operation suspended wells operated by Mak-J Energy Operating Company, LLC (Mak-J). The Division understands that Mak-J intends to recomplete 1 well immediately (Sundry Notice of Intent approved April 1, 2005 for the DWR # 12-21 well) and intends to evaluate the other 9 wells for future potential based on results of this recompletion and other wells that are scheduled to be drilled this summer.

Mak-J has provided explanations of integrity and will continue monitoring pressures on a quarterly basis to ensure continued integrity. All wells appear to have stable pressures and cement circulated to or near surface. If there is a change in pressures, Mak-J will do a casing integrity test and make any repairs necessary to restore integrity.

Based on the submitted information and plan of action, the Division approves your request for extended SI/TA for the 10 SI/TA wells on Fee leases (see attachment A) until January 1, 2006. If you have any questions or need additional assistance in regards to the above matters please contact me at (801) 538-5281.

Sincerely,

Dustin Doucet
Petroleum Engineer

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801 telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • www.ogm.utah.gov

#20 West North Feetple, one 1710/190 Box 190500 Base to the CO Sale and Sal

51,40 mi x 4388

| | | Well Name | API | Lease Type | Years Inactive |
|------|----|-----------|--------------|------------|-------------------|
| | 1 | DWR 15-16 | 43-047-33346 | Fee | 3 Years 8 Months |
| | 2 | DWR 12-22 | 43-047-33345 | Fee | 4 Years 0 Months |
| | 3 | DWR 12-28 | 43-047-33481 | Fee | 4 Years 2 Months |
| | 4 | DWR 14-28 | 43-047-33483 | Fee | 4 Years 3 Months |
| | 5 | DWR 16-16 | 43-047-33489 | Fee | 4 Years 3 Months |
| | 6 | DWR 8-29 | 43-047-33487 | Fee | 4 Years 5 Months |
| | 7 | DWR 1-21 | 43-047-33480 | Fee | 4 Years 7 Months |
| | 8 | DWR 14-16 | 43-047-33482 | Fee | 4 Years 7 Months |
| 44 J | 9 | DWR 12-21 | 43-047-33344 | Fee | 5 Years 1 Month |
| | 10 | DWR 2-21 | 43-047-33484 | Fee | 4 Years 10 Months |

| MAK-J E | | | | | | | | | | | | | ļ | <u> </u> | | ļ | ļ <u>-</u> | |
|----------|----------|----------|-----------|-------|------|------|------|----------|--------------|------|----------|----------|------|----------|--------------|------|------------|------|
| Tubing 8 | & Casing | Pressure | s of SI W | /ells | | | | | | | <u> </u> | <u> </u> | | | - | | ļ | |
| | | | | | ļ | | | <u> </u> | | 1 10 | - 1 | 5-16 | 10 | 6-16 | 1 | -21 | | 8-29 |
| Nell # | 12 | 2-28 | 14 | 1-28 | 12 | 2-21 | | 2-22 | | 4-16 | | | | | - | 104 | | |
| Date | Tba# | Csa# | Tbg# | Csg# | Tbg# | Csg# | Tbg# | Qsg# | Tbg# | Csg# | Tbg# | Csg# | Tbg# | Csg# | Tbg# | Csg# | Tbg# | Csg# |
| 3/1/04 | 0 | 320 | 10 | 10 | 320 | 180 | 360 | 440 | 5 | 0 | 680 | 760 | 80 | 80 | 140 | 160 | 0 | 0 |
| 12/6/04 | 0 | 360 | 285 | 285 | 165 | 185 | 280 | 415 | 0 | 0 | 760 | 760 | 80 | 80 | 150 | 150 | 0 | 0 |
| 3/19/05 | 260 | 260 | 285 | 285 | 260 | 185 | 280 | 415 | 0 | 0 | 760 | 760 | 80 | 80 | 150 | 150 | 0 | 0 |

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES

| DIVISION OF OIL, GAS AND MINING | 5. LEASE DESIGNATION AND SERIAL NUMBER: | | | | | |
|--|---|--|--|--|--|--|
| SUNDRY NOTICES AND REPORTS ON WEL | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: | | | | | |
| | 7. UNIT or CA AGREEMENT NAME: | | | | | |
| Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole dep drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposa | th, reenter plugged wells, or to N/A | | | | | |
| 1. TYPE OF WELL OIL WELL GAS WELL OTHER | 8. WELL NAME and NUMBER: DWR 16-16 | | | | | |
| 2. NAME OF OPERATOR: | 9. API NUMBER: | | | | | |
| Enduring Resources, LLC | 4304733489 | | | | | |
| 3. ADDRESS OF OPERATOR: 475 17th Street, Suite 1500 Denver STATE CO 239 80202 | PHONE NUMBER: 10. FIELD AND POOL, OR WILDCAT: Oil Springs | | | | | |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 1054' FSL - 1192' FEL | соинту: Uintah | | | | | |
| QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 16 12S 23E S | STATE: UTAH | | | | | |
| 11. CHECK APPROPRIATE BOXES TO INDICATE NATURE | OF NOTICE, REPORT, OR OTHER DATA | | | | | |
| | YPE OF ACTION | | | | | |
| NOTICE OF INTENT | REPERFORATE CURRENT FORMATION | | | | | |
| (Submit in Duplicate) ALTER CASING FRACTURE | TREAT SIDETRACK TO REPAIR WELL | | | | | |
| Approximate date work will start: CASING REPAIR NEW CONS | TEMPORARILY ABANDON | | | | | |
| CHANGE TO PREVIOUS PLANS OPERATOR | R CHANGE TUBING REPAIR | | | | | |
| CHANGE TUBING PLUG AND | ABANDON VENT OR FLARE | | | | | |
| SUBSEQUENT REPORT CHANGE WELL NAME PLUG BACK (Submit Original Form Only) | WATER DISPOSAL | | | | | |
| Date of work completion: | ON (START/RESUME) WATER SHUT-OFF | | | | | |
| COMMINGLE PRODUCING FORMATIONS RECLAMAT | TION OF WELL SITE OTHER: Well Name/Number | | | | | |
| CONVERT WELL TYPE RECOMPLI | ETE - DIFFERENT FORMATION Change. | | | | | |
| 12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details in | cluding dates, depths, volumes, etc. | | | | | |
| Well Name Change From: DWR 16-16 | | | | | | |
| Well Name Change To: DWR 12-23-44-16 | | | | | | |
| Utah State Bond #RLB0008031 Operator No. N2750 | | | | | | |
| | | | | | | |
| NAME (PLEASE PRINT) Evette Bissett | Regulatory Compliance Assistnat | | | | | |
| SIGNATURE RIOTATO CASATO DA | 8/30/2006 | | | | | |
| - Marian | | | | | | |

(This space for State use only)

RECEIVED

SEP 0 5 2006

Division of Oil, Gas and Mining OPERATOR CHANGE WORKSHEET

| | ROUTING |
|---|---------|
| I | 1. DJJ |
| ľ | 2. CDW |

X Change of Operator (Well Sold)

LEASE INTEREST OWNER NOTIFICATION:

of their responsibility to notify all interest owners of this change on:

Designation of Agent/Operator

| Operator Name Change | | Merger | | | | | | |
|--|--|----------------------|------------|--|----------------|--------------------------|--------------|----------------|
| The operator of the well(s) listed below h | ve: | | 8/14 | 1/2006 | | | | |
| FROM: (Old Operator): N2670-Mak-J Energy Operating, LLC 370 17th St, Suite 2710 Denver, CO 80202 Phone: 1-(303) 339-5871 | TO: (New Operator): N2750-Enduring Resources, LLC 475 17th Street, Suite 1500 Denver, CO 80202 | | | | | | | |
| CA No. | · | | | Phone: 1-(303 |) 330-3102 | - | | |
| WELL NAME | | TWN | N RNG | Unit: API NO | ENTITY NO | LEASE TYPE | WELL TYPE | WELL STATUS |
| DWR 12-23-12-28 | 28 | | | 4304733343 | 12605 | | GW | P |
| DWR 12-23-13-21 | 21 | | 230E | 4304733344 | 12606 | Fee | GW | P |
| DWR 12-23-13-22 | 22 | | | 4304733345 | 12640 | Fee | GW | S |
| DWR 12-23-34-16 | 16 | | 230E | 4304733346 | 12641 | Fee | GW | S |
| DWR 12-23-41-21 DWR 12-23-13-28 | 21 | | | 4304733480 | 12811 | | GW | S |
| DWR 12-23-13-28 DWR 12-23-24-16 | 28 | | | 4304733481 | 12810 | | GW | S |
| DWR 12-23-24-16 | 16 | | | 4304733482 | 12812 | | GW | S |
| DWR 12-23-31-21 | 28 21 | | | 4304733483 | 12813 | | GW | S |
| DWR 12-23-42-29 | 29 | 120S | | 4304733484 4304733487 | 14411 | | GW | OPS |
| DWR 12-23-44-16 | 16 | 120S | | 4304733489 | 12815 12814 | | GW GW | S S |
| (R649-8-10) Sundry or legal documental (R649-8-10) Sundry or legal documental | tion v | vas rece vas rece | eived free | om the FORM | ER operator (| 10/11/2006 10/11/2006 | _ | |
| 3. The new company was checked on the D | epar | tment | | | | itions Data | base on: | 3/22/2005 |
| 4. Is the new operator registered in the State | | | | Business Numb | er: 5' | 771233-016 | 51 | |
| 5a. (R649-9-2)Waste Management Plan has b | een r | eceive | d on: | IN PLACE | - | | - | |
| 5b. Inspections of LA PA state/fee well sites | comp | olete o | - | | n/a | | | |
| 5c. Reports current for Production/Disposition | on & | Sundri | es on: | | ok | | | |
| DATA ENTRY: | | | | | | | | |
| Changes entered in the Oil and Gas Data Changes have been entered on the Month Bond information entered in RBDMS on Fee/State wells attached to bond in RBDI Injection Projects to new operator in RBI Receipt of Acceptance of Drilling Proced | hly O : MS or DMS lures : | peraton: on: for AP | D/New | 10/11/2006 10/11/2006 n/a on: | eet on: | 10/11/2006 | - | |
| FEE & STATE WELL(S) BOND V | ERI | FICA | TION | i: | | | | |
| 1. (R649-3-1) The NEW operator of any fee | | | | | | LB0008031 | 1 | |
| 2. The FORMER operator has requested a release of liability from their bond or | | | | | | n/a | | |

3. (R649-2-10) The FORMER operator of the fee wells has been contacted and informed by a letter from the Division

10/11/2006

STATE OF UTAH

DEPARTMENT OF NATURAL RESOURCES

| [| 5. LEASE DESIGNATION AND SERIAL NUMBER: Fee | | | | | | | |
|---|--|--|--|--|--|--|--|--|
| SUNDRY | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: | | | | | | | |
| Do not use this form for proposals to drill no | 7. UNIT or CA AGREEMENT NAME: | | | | | | | |
| 1. TYPE OF WELL | 1. TYPE OF WELL OIL WELL GAS WELL OTHER | | | | | | | |
| 2. NAME OF OPERATOR: | | | DWR 16-16 12-23-44-16 | | | | | |
| MAK-J ENERGY OPERAT | ING COMPANY, LLC | | 4304733489 | | | | | |
| 3. ADDRESS OF OPERATOR: 370 17TH STREET | , Denver STATE CO | 80202 PHONE NUMBER: (303) 339-5871 | 10. FIELD AND POOL, OR WILDCAT: OIL SPRINGS | | | | | |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 1054 F | SL, 1192 FEL | | соинту: Uintah | | | | | |
| QTR/QTR, SECTION, TOWNSHIP, RANG | ge, meridian: SESE 16 12S 2 | 3E S | STATE: UTAH | | | | | |
| 11. CHECK APPR | ROPRIATE BOXES TO INDICAT | E NATURE OF NOTICE, REPO | RT, OR OTHER DATA | | | | | |
| TYPE OF SUBMISSION | | TYPE OF ACTION | | | | | | |
| | ACIDIZE | DEEPEN | REPERFORATE CURRENT FORMATION | | | | | |
| NOTICE OF INTENT (Submit in Duplicate) | ALTER CASING | FRACTURE TREAT | SIDETRACK TO REPAIR WELL | | | | | |
| Approximate date work will start: | CASING REPAIR | NEW CONSTRUCTION | TEMPORARILY ABANDON | | | | | |
| | CHANGE TO PREVIOUS PLANS | OPERATOR CHANGE | TUBING REPAIR | | | | | |
| | CHANGE TUBING | PLUG AND ABANDON | VENT OR FLARE | | | | | |
| ✓ SUBSEQUENT REPORT | CHANGE WELL NAME | PLUG BACK | WATER DISPOSAL | | | | | |
| (Submit Original Form Only) | CHANGE WELL STATUS | PRODUCTION (START/RESUME) | WATER SHUT-OFF | | | | | |
| Date of work completion: | COMMINGLE PRODUCING FORMATIONS | RECLAMATION OF WELL SITE | | | | | | |
| | CONVERT WELL TYPE | RECOMPLETE - DIFFERENT FORMATION | | | | | | |
| | LC has sold its interest in the above the sident Determined to the sident Determined to the sident Determined to the sident Date | pertinent details including dates, depths, volume pove referenced well to Enduring | | | | | | |
| Steve Van | Hook /7 / | Vice President | | | | | | |
| NAME (PLEASE PRINT) | | ///LE | | | | | | |
| SIGNATURE TOWN | Collecti | DATE 8/15/2006 | | | | | | |

(This space for State use only)

APPROVED /0/// 106

Carley Russell

Division of Oil, Gas and Mining

Earlene Russell, Engineering Technician

(5/2000)

OCT 1 1 2006

May 20, 2008

Sent via Certified Mail

Enduring Resources, LLC Attn: Alex Campbell 475 17th Street, Suite 1500 Denver, CO 80202

The Houston Exploration Company 1100 Louisiana, Suite 2000 Houston, TX 77002-5215

Re: Notice of Lease Termination and Demand for Release

Oil and Gas Lease dated March 30, 1999, covering 8060.10 acres, more or less, Township 12 South, Range 23 East and Township 13 South, Range 23 East, Uintah County, Utah (copy enclosed)

Gentlemen:

Pursuant to my telephone conversation with Alex Campbell on May 13, 2008, we wish to inform you that the subject oil and gas lease ("Lease") has terminated for your failure to comply with provision 7 of said Lease. Specifically, your drilling rig was released on March 5, 2007, at 10:00 pm from your DWR 12-23-31-21 well location according to the information furnished by your office. As a result of your cessation of operations lasting more than one hundred eighty (180) consecutive days, said Lease terminated as to all lands and depths except those producing from the Proration Units (as defined in said Lease) for the DWR #5-28 well and the DWR #12-21 well, on or about September 2, 2007.

Also, our records show that we have not received any shut-in payments as provided for in provision 9 of said Lease. This provision clearly states, "... Should such shut-in royalty payments not be made in a timely manner as provided for above, then, in that event, it shall be considered for all purposes that there is no production of gas from any such well or wells and, unless this Lease is being maintained by any other preservative provision hereof, this Lease shall terminate automatically at midnight on the last day provided for the payment of such shut-in royalties, and Lessee shall thereupon furnish to Lessor a release of all of its interest in and to this Lease as provided in Section 17...." For your information, we enclose Exhibit "B" from the Assignment, Conveyance and Bill of Sale of said Lease unto Enduring Resources, LLC, et al, showing the "shut-in" status of numerous wells on the leased premises.

RECEIVED

MAY 2 3 2008

Enduring Resources, LLC The Houston Exploration Company May 20, 2008 Page Two

Further, since your acquisition of the lease in August of 2006, we have not received any of the data and information required in items A, B, C, and E of provision 15. Notifications Required of said Lease. Please furnish all required data and information immediately.

If within thirty (30) days from the date hereof we do not receive a fully executed, recordable release and plat showing the proration units designated by you in accordance with Section 17 of said Lease, we will pursue all remedies available to us in the appropriate court of law, including without limitation, all our costs and expenses (including attorneys fees and expenses) as set forth in provision 18. <u>Indemnification</u> of said Lease.

If you have any questions or comments, I can be reached at 405.627.6025.

Sincerely,

EXOK, NC.

Steven D. Bryant

President

SDB:mkb Enclosures

cc: Utah Royalty Owners Assocation Box 192 Roosevelt, UT 84066

State of Utah Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801

Exhibit "B"

Attached to and made a part of that certain Assignment, Conveyance and Bill of Sale dated August 15, 2006 by and between MAK-J Energy Partners, Ltd, as Assignor and Enduring Resources, LLC, etal, as Assignee.

| <u>Well</u> | API No. | Location | <u>Status</u> |
|--|---|---|--|
| Oil Springs Area DWR 1-21 DWR 2-21 DWR 3-21 DWR 4-21 DWR 5-28 DWR 8-29 DWR 10-29 DWR 12-21 DWR 12-22 DWR 12-28 DWR 14-16 DWR 14-28 DWR 15-16 DWR 16-16 | 43-047-33480-00-00 43-047-33485-00-00 43-047-33485-00-00 43-047-33486-00-00 43-047-33487-00-00 43-047-33488-00-00 43-047-33344-00-00 43-047-33481-00-00 43-047-33483-00-00 43-047-33483-00-00 43-047-33483-00-00 43-047-33489-00-00 | NENE of Section 21-T12S-R23E NWNE of Section 21-T12S-R23E NENW of Section 21-T12S-R23E NWNW of Section 21-T12S-R23E SWNW of Section 28-T12S-R23E SENE of Section 29-T12S-R23E NWSE of Section 29-T12S-R23E NWSW of Section 21-T12S-R23E NWSW of Section 22-T12S-R23E NWSW of Section 22-T12S-R23E SESW of Section 16-T12S-R23E SESW of Section 16-T12S-R23E SWSE of Section 16-T12S-R23E SESE of Section 16-T12S-R23E | Shut in Surface pipe only-APD rescinded Location built-APD rescinded Surveyed location only-APD rescinded Producing Shut in Surveyed location only Producing Shut in Shut in Shut in Shut in Shut in (no surface equip) Shut in (no surface equip) Shut in Shut in |
| DWR 16-29 | none | SESE of Section 29-T12S-R23E | Location only-APD not issued |

End of Exhibit "B"

OIL AND GAS LEASE

This Agreement, made and entered into this 30th day of March, 1999 by and between Exok, Inc., an Oklahoma corporation whose address is 6410-B North Santa Fe, Oklahoma City, Oklahoma 73116, as Lessor, and Ranken Energy Corporation, whose address is 601 N. Kelly, Suite 103, Edmond, Oklahoma 73003-4855, as Lessee, Witnesseth:

1. That Lessor, in consideration of the cash bonus in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the sole and only purpose of exploring, drilling and operating for and producing oil and gas and of laying pipeline, storing oil and building tanks, roads, and structures thereon to produce, save, care for, treat and transport said substances produced from the land leased hereunder, the following described land (sometimes referred to in this lease as the "leased premises"), to wit:

Patented Placer Mining Claims, County of Uintah, State of Utah

Parcel I

Bitter Creek Nos. 2, 3, 4, 5, 6, 7, 8, 9 and 10.
Hydrocarbon Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12.
Denver-Los Angeles Nos. 1, 2, 3, 4, 5, 6, 7, 8, and 9.
Seep Ridge Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11.
Button Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12.
Button Hole Nos. 1, 2 and 3.
Gasoline Nos. 1, 2, 3, 4, 5, 6, 7, 8, 11 and 12.

Parcel II

Bitter Creek No. 1. Gasoline No. 9. Gasoline No. 10.

Insofar and only insofar as said Patented Placer Mining Claims cover the lands specifically located in the governmental sections set forth below:

Township 12 South, Range 23 East, S.L.M.

All or part of Sections 16,17,19,20,21,22,27,28,29,32,33,34 and 35;

Township 13 South, Range 23 East, S.L.M.

All or part of Sections 2,3,4,5,8,9,10 and 11

containing approximately 8060.10 acres, more or less.

Lessor expressly <u>reserves</u> and <u>retains</u> from this lease all of that portion of the Patented Placer Mining Claims described hereinabove insofar and only insofar as said mining claims cover lands located in governmental Sections 14,15,16,17,18,19,20,21,22 and 29, Township 13 South, Range 23 East, S.L.M. together with all rights of ingress and egress over and across the leased premises reasonably necessary to enable Lessor, its' successors or assigns, to develop, operate and produce wells on the lands reserved herefrom.

2. <u>Term.</u> Subject to the provisions hereinafter contained, this Lease shall be for a term of five (5) years from this date (hereinafter referred to as "primary term"), and so long thereafter as oil and gas, or either of them, is produced in paying quantities from the leased premises, or operations are conducted as hereinafter provided. Upon the termination or any partial termination of this Lease, Lessee shall prepare, execute and deliver to Lessor a recordable release of such acreage in accordance with Section 17 of this Lease.

At the expiration of the primary term, this Lease shall automatically terminate as to all lands except those included in a proration unit attributable to a well capable of producing oil and/or gas in paying quantities unless operations are then being conducted in accordance with the Continuous Development provisions of Section 6 below or the Additional Drilling or Reworking provisions of Section 7 below, in which case the terms of Sections 6 and 7 shall control.

If at the expiration of the primary term, this Lease is perpetuated by production of oil and/or gas in paying quantities, then, with respect to each proration unit on the leased premises, this Lease shall automatically terminate as to all rights granted by this Lease below 100 feet below the deepest depth from which oil and/or gas is then being produced. Provided, however, if at the expiration of the primary term, Lessor is engaged in drilling an additional well or wells pursuant to the provisions of Section 6 of this Lease, then this Lease shall not terminate with respect to the depths described in this paragraph so long as development continues in accordance with the terms of Section 6 of this Lease. Furthermore, if at the expiration of the primary term, Lessee is engaged in deepening an existing well, then for purposes of this paragraph only, the deepening of an existing well will be considered a continuous development operation under Section 6 of this Lease, and so long as Lessee continues developing the leased premises in accordance with the terms of Section 6, the rights to the depths described in this paragraph will not terminate.

If at any time after the expiration of the primary term, should the deepest producing formation attributable to any proration unit on this Lease cease to produce in paying quantities, then Lessee shall have one hundred eighty (180) days to begin either deepening that well or commencing the drilling of another well or wells on that proration unit in accordance with the provisions of Section 7 of this Lease, or this Lease, insofar as it covers such proration unit, shall automatically terminate with regard to all depths below 100 feet below the deepest depth from which oil and/or gas is then being produced.

To the extent that any part of this Lease remains in effect, Lessee shall retain such easements across the terminated portions of the Lease as shall be reasonably necessary for ingress and egress to enable Lessee to develop and operate the remaining portion of this Lease.

3. Obligation Wells. Lessee covenants and agrees to drill, or cause to be drilled, four (4) test wells (hereinafter referred to as "Obligation Wells") during the first year of the primary term hereof; locations for such Obligation Wells to be chosen by Lessee's geologists.

In order to qualify as an Obligation Well, each such well drilled hereunder shall be drilled to a minimum depth sufficient to test the Wasatch formation. Except as provided in Section 16 herein, failure by Lessee to cause or commence the actual drilling of all four (4) Obligation Wells on or before March 29, 2000 shall constitute and result in the automatic termination of this lease, except as to the proration unit for each such well previously drilled and capable of producing oil and/or gas in paying quantities and designated by Lessee in writing as hereafter provided. The only other penalty for Lessee's failure to timely commence all four (4) Obligation Wells shall be the loss of all additional rights earnable hereunder.

- 4. Royalty. Lessee covenants and agrees to pay Lessor the following royalties monthly, subject to the provisions of Section 5 hereof:
- (a) 15.75% of 8/8ths of the gross proceeds of all oil and other liquid hydrocarbons recovered or separated on the leased premises, produced and saved from the leased premises and sold by Lessee in an arms' length transaction; and as to such oil and other liquid hydrocarbons not sold by Lessee in an arms' length transaction, royalties of that share or percentage calculated by using the highest price, plus premium, if any, paid or offered for oil and other liquid hydrocarbons of comparable quality in the general area where produced and when run; or after sixty (60) days written notice from Lessor, which notice may be given from time to time, Lessee shall deliver free of cost to Lessor at the well, or to the credit of Lessor into the pipeline to which the well is connected, such share or percentage of all oil and other liquid hydrocarbons produced and saved from the leased premises; and
- (b) 15.75% of 8/8ths of the gross proceeds received by Lessee for all gas recovered or separated on the leased premises, produced from the leased premises and sold by Lessee in an arms' length transaction; and as to such gas not sold by Lessee in an arms' length transaction, royalties of that share or percentage calculated by using the highest price paid or offered for gas of comparable quality in the general area where produced and when run.
- 5. Royalty. (a) Lessee shall pay Lessor royalty on all oil and other liquid hydrocarbons, including condensate, and on all gas, including all substances contained in such gas, (all hereinafter collectively called "Products" and each individually called a "Product") produced from a well on the leased premises, whether or not such Products are produced to the credit of Lessee or sold under a contract executed by or binding on Lessee, and;
- (b) In no event shall Lessor's royalty for a Product be based on a price less than the price paid Lessee for Lessee's share of that Product produced hereunder. For purposes of this lease, an arms' length transaction is a sale of a Product by Lessee to a buyer not affiliated with Lessee or with any subsidiary or other affiliate of Lessee under an agreement negotiated in good faith by all parties. Lessor shall not bear any production or post-production cost or expense, including without limitation, cost or expense for storing, separating, dehydrating, transporting, compressing, treating, gathering, or otherwise rendering marketable or marketing the Products, and Lessee shall make no deduction or reduction for any such cost or expense when computing any royalty due Lessor under this Lease.
- 6. Continuous Development. At the end of the primary term or upon the completion of any well then drilling on the leased premises as a well capable of producing in paying quantities or as a dryhole (completion being the release of the completion rig, or if the well is a dry hole, the release of the drilling rig), Lessee shall have the recurring right for one hundred eighty (180) days thereafter, to commence the drilling of another well or wells on the leased premises (commencement being the actual spudding of the succeeding well), with no more than one hundred eighty (180) days elapsing between the completion of one well as a producer or a dryhole and the commencement of the next succeeding well. Failure to commence such additional well or wells within the time herein provided, shall terminate this Lease ipso facto as to all lands except those included within the surface boundaries of any proration unit otherwise being maintained under the provisions of this Lease. Lessee shall also have the right to accelerate the drilling of additional wells and thereby accumulate and perpetuate this Lease for an additional one eighty (180) days for each additional well drilled in accordance herewith. Lessee's right to accumulate additional time hereunder is expressly limited to wells other than the four (4) Obligation Wells provided for in Section 3 above.
- 7. Additional Drilling or Reworking. If, at the expiration of the primary term, or the expiration of any extended term provided in Section 6 above, whichever is later, oil and/or gas are being produced in paying quantities, but production thereafter ceases from any cause this Lease shall not terminate as to the proration unit attributable to the well or wells affected thereby if Lessee commences reworking or additional actual drilling within one hundred eighty (180) days thereafter, and such reworking or additional drilling is diligently prosecuted with no cessation of more than one hundred eighty (180) consecutive days, and production in paying quantities thereafter resumes.
- If, at the expiration of the primary term, or the expiration of any extended term provided in Section 6 above, whichever is later, oil and/or gas are not then being produced from any well or wells on the leased premises, but Lessee is then engaged in operations (as defined hereinafter) on any such well or wells, this Lease shall remain in force for so long as such operations are diligently prosecuted with no cessation of more than one hundred eighty (180) consecutive days between such cessation and the resumption of such operations. If such operations result in the production of oil or gas in paying quantities, this Lease shall not terminate as to the proration unit attributable to the well or wells then producing oil or gas in such quantities; but this Lease shall terminate as to all other acreage unless Lessee shall have commenced drilling a new well or wells in accordance with the Continuous Development provisions of Section 6 of this Lease.

Wherever used in this Lease the word "operations" shall mean operations for and any of the following: actual drilling, testing, completing, sidetracking, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil or gas in paying quantities.

- 8. Right to Take Production in Kind. Lessor shall always have the right, at any time and from time to time, upon reasonable written notice to Lessee, to take Lessor's share of oil, gas and processed liquids in kind. Lessor may elect to take Lessor's gas in kind at the well, or at the point of delivery where Lessee delivers Lessee's gas to any third party. If gas is processed, lessor may elect to take Lessor's share of the residue gas attributable to production from the leased premises, at the same point of delivery where Lessee received its share of residue gas or has its share of residue gas delivered to a third party. Lessor may elect to have its royalty share of processed liquids stored in tanks at the plant or delivered into pipelines on the same basis as Lessee's share of liquids is stored or delivered. Lessor shall reimburse Lessee for all reasonable costs incurred by Lessee in installing, operating or maintaining additional facilities necessary for Lessor's royalty gas and processed liquids to be separately metered, accounted for, and delivered to a third party, but Lessor shall not be charged for any expense in the production, gathering, dehydration, separation, compression, transportation, treatment, processing or storage of Lessor's share of gas and processed liquids along with Lessee's share of gas and processed liquids.
- 9. Shut-in Payments. While there is a well on the leased premises capable of producing gas in paying quantities but the production thereof is shut-in, shut-down or suspended for lack of a market, available pipeline, or because of government restrictions or, if it is economically inadvisable for Lessee to sell gas for a time, then, Lessee may pay as shut-in royalty on or before ninety (90) days after the date on which (1) production from any such well is shut-in, shut-down or suspended; or (2) this Lease is no longer maintained by compliance with one of the other preservation provisions hereof, whichever is the later date, and thereafter at annual intervals the sum of One Hundred Dollars (\$100.00) per well, for each and every shut-in, shut-down or suspended well. If such payment is made in accordance with the terms hereof, this Lease shall not terminate, but shall continue in force for a period of one (1) year from the date of making such shut-in payment (subject to the exceptions set out hereafter) and it will be considered that gas is being produced from the leased premises in paying quantities within the meaning of each pertinent provision of this Lease. Any shut-in royalty payment shall not be a credit against production nor credited with prior production royalty. In the event that production is begun or resumed during the year following the payment of a shut-in royalty payment and is subsequently shut-in, during such year the second annual shut-in payment shall be due and payable on the anniversary date of the first payment. If there is production on such first anniversary date and the well is subsequently shut-in, shut-down or suspended, then the second shut-in payment shall be made on or before ninety (90) days after such new shut-in date or the Lease shall terminate. Notwithstanding anything to the contrary set out above, should the shut-in period extend beyond the expiration of the primary term such shut-in provision will maintain the rights granted by this Lease only to the producing units and horizons

terminate automatically at midnight on the last day provided for the payment of such shut-in royalties, and Lessee shall thereupon furnish to Lessor a release of all of its interest in and to this Lease as provided in Section 17.

- 10. <u>Pooling.</u> Lessee does <u>not</u> have the right and power to pool or combine the acreage covered by this Lease or any portion thereof as to oil and gas, or either of them, with any other land or leases.
- 11. <u>Assignability</u>. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns of the parties hereto.
- 12. <u>Proration Unit</u>. The term "proration unit" where used in this Lease, shall mean *i*) forty (40) acres plus a tolerance of ten percent (10%) surrounding each well classified as an oil well by the appropriate governmental authority; and *ii*) one hundred sixty (160) acres plus a tolerance of ten percent (10%) surrounding each well classified as a gas well by the appropriate governmental authority.
- 13. <u>Water</u>. To the extent Lessor owns any water rights, Lessee shall have the free use of water from the leased premises, for all operations solely on the leased premises. Lessee shall comply with all applicable rules in disposition (by reinjection or otherwise) of salt water, brine or other fluids utilized in or resulting from operations, and shall not cause or permit any such substances to damage or pollute the surface of the leased premises or any fresh water sands lying thereunder.
- 14. <u>Limitation to Oil and Gas</u>. This Lease is intended to cover only oil and gas producible by conventional oil and gas industry accepted means (ie. the drilling and producing of vertical and/or horizontal wellbores.) Lessor expressly reserves and retains herefrom all gilsonite, trona, oil shale reserved by a prior owner and all other minerals (except oil and gas) which may underlie all or part of the leased premises. The term "oil shale" is defined as a mineable, kerogen-bearing, finely laminated brown or black sedimentary rock that will yield liquid or gaseous hydrocarbons on distillation.
- 15. Notifications Required. Lessee shall advise Lessor in writing of the location of each well to be drilled upon the leased premises after commencement of operations, and shall advise Lessor in writing the date of completion and/or abandonment of each well drilled on the leased premises (such notice shall include furnishing Lessor a copy of the applicable completion or plugging report filed with any governmental or regulatory agency) within thirty (30) days after completion or abandonment. As to any well drilled under the provisions of this Lease, Lessor, or Lessor's representatives, or any one or more of the same, shall have access to such well and upon request shall be furnished with copies of daily drilling reports. Such reports and information shall be furnished within seven (7) days after the same are obtained or compiled by Lessee. In addition, Lessee shall upon written request furnish Lessor within thirty (30) days from the date of the request or thirty (30) days from the date that the data is received by Lessee:
 - A. Plats or maps showing the location of the well on this Lease.
- B. The details of any tests taken in said well, and the results of any core analysis or analyses which shall be run on any cores taken while drilling said well.
- C. Upon commencement of any drilling or reworking operations on this Lease with copies of all reports filed with the appropriate governmental authority or other governmental agency having jurisdiction in connection with such operation.
- D. Upon completion of any drilling or reworking operations on this Lease with copies of all logs run in such well and copies of core or other type of formation analysis subject to a confidentiality obligation on Lessor's part if filed as confidential with the appropriate governmental authority.
- E. A summary report, to be made annually on the anniversary date of this Lease and commencing upon the expiration of the primary term of this Lease, to include (1) on the reporting date the number of producing wells and the number of wells not producing but not plugged; (2) the number of wells that were plugged during the previous twelve (12) months, and (3) a map denoting the location of each of these wells on the leased premises.
 - F. It is understood and agreed that all information provided Lessor herein is proprietary and is to be held in confidence.
- 16. Force Majeure. Lessee shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder due to force majeure. The term "force majeure" shall mean: Any act of God including but not limited to storms, floods, washouts, landslides, and lightning; act of the public enemy; wars, blockades, insurrection or riots; strikes or lockouts; epidemics or quarantine regulations; laws, acts, orders or requests of Federal, State, Municipal or other governments or governmental officers or agents under the color of authority requiring, ordering or directing Lessee to cease drilling, reworking or producing operations; freight embargoes or failures; exhaustion or unavailability or delays in delivery of any product, labor, service or material. The term "force majeure" shall not include lack of markets for production or any other events affecting only the economic or financial aspects of drilling, development or production. For a period of sixty (60) days after termination of an event of force majeure, each and every provision of this Lease that might operate to terminate it or the estate conveyed by it shall be suspended and inoperative and this Lease shall continue in full force, provided, however, that in no event will the primary term be extended unless Lessee has begun the actual drilling of a well prior to the date of the expiration of the primary term.
- 17. Releases Required. Within ninety (90) days after the partial termination of this Lease as provided under any of the terms and provisions of this Lease, Lessee shall deliver to Lessor a plat showing the proration units designated by Lessee, and a fully executed, recordable release properly describing the lands and depths to be retained by Lessee around each producing well. If the lease terminates in its entirety, then Lessee shall deliver a complete, fully executed, recordable release to Lessor within thirty (30) days. If such release complies with the requirements of this section, Lessor shall record such release.
- 18. <u>Indemnification</u>. Lessee, its successors and assigns, agrees to indemnify, defend and hold harmless the parties herein designated Lessor, and each of them, from and against any and all claims, losses, liabilities, fines, costs, expenses (including attorneys fees and expenses) resulting from or arising out of Lessee's ownership of this Lease or in connection with operations of or for Lessee, its agents, contractors, or subcontractors hereunder, regardless of the cause of such claims, losses, liabilities, fines, costs or expenses. This provisions and its indemnities shall survive the termination of this Lease and shall bind and inure to the successors, heirs and assigns of Lessor and Lessee.
- 19. No Warranties of Title. This Lease is made without warranties of any kind, either express or implied. Lessor agrees that Lessee, at its option, after having given Lessor sixty (60) days' written notice, may discharge any tax, mortgage or other lien upon Lessor's interest in said land, either in whole or in part, and in the event lessee does so, it shall be subrogated to such lien with right to enforce same, subject to any defenses of Lessor, and apply royalties accruing hereunder toward satisfying same.

- 20. Proportionate Reduction for less than Entire Interest. It is agreed that if Lessor's interest in the oil and gas minerals in and under any of the leased premises is less than the entire oil and gas mineral estate, then the royalties and all other benefits to accrue or to be paid to Lessor hereunder as to such lands shall be reduced to the proportion thereof which the oil and gas mineral estate of Lessor in such land bears to the entire oil and gas mineral estate. However, Lessor's royalties herein shall not be reduced with respect to the 3% of 8/8ths non-participating royalty interest presently burdening the leased premises.
- 21. <u>Compliance with Environmental Laws and Regulations</u>. Lessee, its successors and assigns, by its acceptance of this Lease, hereby agrees to comply with all applicable laws, rules and regulations and hereby assumes full responsibility for, and agrees to indemnify, defend and hold harmless, Lessor from and against any loss, liability, claim, fine, expense cost (including attorneys fees and expenses) and cause of action caused by or arising out of the violation (or defense of the alleged violation) of any federal, state or local laws, rules or regulations applicable to any waste material, drilling matter fluid or any hazardous substances released or caused to be released by Lessee or Lessee's agents, or independent contractors from the land leased hereunder into the atmosphere or into or upon the land or any water course or body of water, including ground water.
- 22. <u>Alteration/Modification</u>. The terms of this Lease cannot be altered or amended except by a written instrument clearly demonstrating such purpose and effect, and executed by both parties to this Lease. The written instrument shall describe the specific terms or provisions being altered and the proposed modification or change thereto.
- 23. Ancillary Rights. Lessee shall have the right for a period of one (1) year following the expiration of this Lease or the release of any lands covered by this Lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. If not, Lessor shall have the option to either claim the property, in whole or in part, as its own or having the said properties and fixtures removed, in whole or in part, at Lessee's expense. If the property is opted to be removed, additional expenses for surface damages and restoring the land shall be charged to Lessee, provided, however, lessee shall not be relieved of its liability to plug any well so

ATTEST:

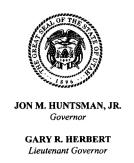
IN WITNESS WHEREOF, this instrument is executed on the date first above written.

Λ

LESSOR: EXOK, INC.

11/1/

| By: Steven D. Bryant, President |
|--|
| Address: 6410-B North Santa Fe Oklahoma City, OK 73116 |
| Tax ID #: 73-1058740 |
| LESSEE: RANKEN ENERGY CORPORATION ATTEST: |
| By: Lemis Coy |
| Title: President |
| Address: Edmand, OK. 73003 |
| Tax ID#: |
| CORRORATE A CICALONIA ER CASTA |
| CORPORATE ACKNOWLEDGMENT STATE OF OKLAHOMA) |
| COUNTY OF OKLAHOMA) |
| The foregoing instrument was acknowledged before me on this 30 ⁺⁺⁻ day of 1999, by Steven D. Bryant, to me known to be the identical person who subscribed his name as President of EXOK, INC., and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth. Given under my hand and seal the day and year last above written. |
| My Commission Expires: 5/9/2000 Marilyn L. Dohnell, Notary Public |
| CORPORATE ACKNOWLEDGMENT |
| STATE OF OKLAHOMA) |
| COUNTY OF OKLAHOMA) § |
| The foregoing instrument was acknowledged before me on this 29th day of March 1999, by Randolph L. Coy to me known to be the identical person who subscribed his name as President of RANKEN ENERGY CORPORATION and the developed to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed such corporation, for the uses and purposes therein set forth. Given under my hand and seal the day and year last above written. |
| My Commission Express 7/12/02 Modery Public, Janet J. Reynolds |
| COUNTY MILITARIAN 4 |
| Communition. |



State of Utah DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 30, 2008

CERTIFIED MAIL NO.: 7004 2510 0004 1824 5834

Mr. Alvin Arlian Enduring Resources, LLC 475 17th Street, Suite 1500 Denver, CO 80202 43 DAT 33489 DWR 12-23-44-16 12S 23E 16

Re:

Extended Shut-in and Temporarily Abandoned Requirements for Wells on Fee or State Leases

Dear Mr. Arlian:

Enduring Resources, LLC has eighteen (18) Fee Lease Wells and eleven (11) Mineral Lease Wells (see attachment A) that are currently in non-compliance for extended shut-in and temporary abandonment (SI/TA) status. Wells SI/TA beyond twelve (12) consecutive months require the filing of a Sundry Notice in accordance with R649-3-36-1 for Utah Division of Oil, Gas & Mining ("Division") approval. Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon a showing of good cause by the operator (R649-3-36-1.3.3).

This is a second notice of non-compliance for wells 1 through 14 listed on Attachment A. The Division notified the previous operators, TCC Royalty, Ranken Energy, Mak-J Energy and Houston Exploration, on several occasions by certified mail about these wells non-compliance issues. Several plans to produce or plug were submitted, but no action has been taken to date on these wells. It has also come to the Divisions attention that Enduring no longer holds a valid lease for the DWR wells (wells 1 through 9 on Attachment A). Immediate action is required on these wells. The Division feels that sufficient time has passed to make a decision on these wells. Please submit your plans to produce or plug these wells. If this is not addressed within 30 days, a Notice of Violation will be issued for these wells. A similar response is required for the other fifteen wells listed in Attachment A.



Page 2 Mr. Arlian July 30, 2008

For extended SI/TA consideration the operator shall provide the Division with the following:

- 1. Reasons for SI/TA of the well (R649-3-36-1.1).
- 2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and
- 3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3)

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).

- 1. Wellbore diagram, and
- 2. Copy of recent casing pressure test, and
- 3. Current pressures on the wellbore (tubing pressure, casing pressure, and casing/casing annuli pressure) showing wellbore has integrity, and
- 4. Fluid level in the wellbore, and
- 5. An explanation of how the submitted information proves integrity.

If the required information is not received within 30 days of the date of this notice, further actions will be initiated. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely

Dustin K. Doucet

Petroleum Engineer

JP:js Enclosure

cc: Compliance File

Well File

Jim Davis, SITLA

Attachment A

| | Well Name | API | Lease Type | Years Inactive |
|----|--------------------------|------------|---------------|-------------------|
| 1 | DWR 12-23-13-22 | 4304733345 | FEE | 7 YEARS 6 MONTHS |
| 2 | DWR 12-23-34-16 | 4304733346 | FEE | 7 YEARS 3 MONTHS |
| 3 | DWR 12-23-41-21 | 4304733480 | FEE | 8 YEARS 1 MONTH |
| 4 | DWR 12-23-13-28 | 4304733481 | FEE | 7 YEARS 8 MONTHS |
| 5 | DWR 12-23-24-16 | 4304733482 | FEE | 8 YEARS 1 MONTH |
| 6 | DWR 12-23-24-28 | 4304733483 | FEE | 7 YEARS 8 MONTHS |
| 7 | DWR 12-23-31-21 | 4304733484 | FEE | 8 YEARS 2 MONTHS |
| 8 | DWR 12-23-42-29 | 4304733487 | FEE | 7 YEARS 11 MONTHS |
| 9 | DWR 12-23-44-16 | 4304733489 | FEE | 7 YEARS 8 MONTHS |
| 10 | QUEST 11-25-13-21 | 4304733935 | FEE | 4 YEARS 6 MONTHS |
| 11 | QUEST 11-25-24-10 | 4304734118 | FEE | 7 YEARS 0 MONTHS |
| 12 | QUEST 11-25-31-28 | 4304735310 | FEE | 4 YEARS 4 MONTHS |
| 13 | QUEST 11-25-34-21 | 4304735297 | FEE | 4 YEARS 4 MONTHS |
| 14 | QUEST 11-25-11-27 | 4304735298 | FEE | 4 YEARS 5 MONTHS |
| 15 | QUEST 11-25-14-22 | 4304735299 | FEE | 2 YEARS 9 MONTHS |
| 16 | HOSS 9-25-34-20 | 4304734756 | ML-45558 | 2 YEARS 7 MONTHS |
| 17 | BONANZA 9-24-22-36 | 4304735860 | ML-46527 | 2 YEARS 6 MONTHS |
| 18 | BONANZA 9-24-11-36 | 4304735861 | ML-46527 | 1 YEAR 5 MONTHS |
| 19 | BONANZA 9-25-13-20 | 4304735929 | ML-45558 | 2 YEARS 11 MONTHS |
| 20 | RAINBOW 11-24-31-16 | 4304736184 | ML-47080 | 1 YEAR 1 MONTH |
| 21 | SOUTHAM CYN 10-25-21-32 | 4304736421 | ML 47065 | 1 YEAR 10 MONTHS |
| 22 | AGENCY DRAW 12-21-31-36 | 4304736424 | ML 47086 | 2 YEARS 1 MONTH |
| 23 | BONANZA 9-24-32-22 | 4304736753 | FEE | 2 YEARS 6 MONTHS |
| 24 | ARCHY BENCH 12-23-22-16 | 4304736800 | ML-48957 | 2 YEARS 0 MONTHS |
| 25 | ARCHY BENCH 11-24-24-32 | 4304736819 | ML-49762 | 1 YEAR 4 MONTHS |
| 26 | ASPHALT WASH 11-24-42-16 | 4304736875 | ML47080 | 2 YEARS 2 MONTHS |
| 27 | SOUTHAM CYN 9-24-23-36 | 4304736880 | FEE | 1 YEARS 1 MONTH |
| 28 | SOUTHAM CYN 10-25-11-6 | 4304736933 | FEE | 1 YEAR 3 MONTHS |
| 29 | BUCK CYN 12-21-43-16 | 4304737091 | ML-47085 | 2 YEARS 9 MONTHS |

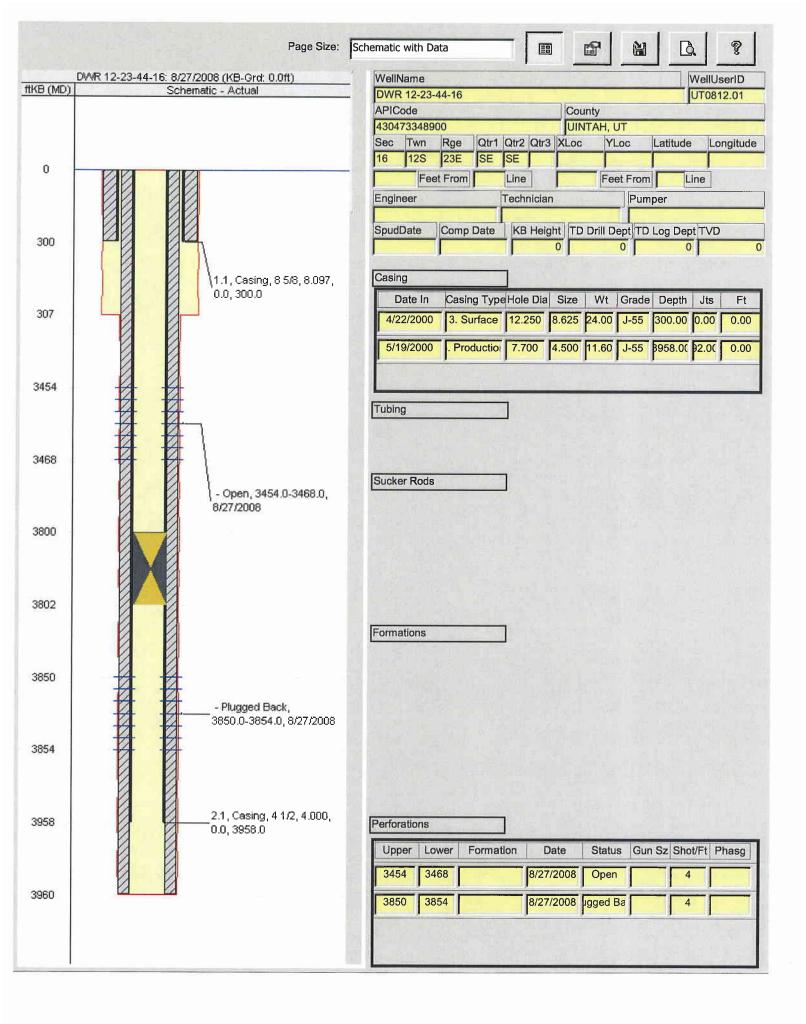
STATE OF UTAH

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL. GAS AND MINING

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| DIVISION OF OIL, GAS AND WINNING | | | | | Fee |
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| | SUNDRY | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: | | | |
| Do | not use this form for proposals to drill drill horizontal | 7. UNIT or CA AGREEMENT NAME: | | | |
| 1. T | YPE OF WELL OIL WELL | 8. WELL NAME and NUMBER: - DWR 12-23-44-16 | | | |
| | AME OF OPERATOR: | | | | 9. API NUMBER: 4304733489 |
| | during Resources, LLC | | | PHONE NUMBER: | 10. FIELD AND POOL, OR WILDCAT: |
| | 5 17th Street, Suite 1500 CIT | Denver STATE CO ZI | թ 80202 | (303) 350-5114 | Oil Springs |
| | DOTAGES AT SURFACE: 1054 | FSL - 1192 FEL | | | соинту: Uintah |
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| 11. | CHECK APP | ROPRIATE BOXES TO INDICA | TE NATURE | OF NOTICE, REP | ORT, OR OTHER DATA |
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| | Approximate date work will start: | CASING REPAIR CHANGE TO PREVIOUS PLANS | OPERATO: | | TEMPORARILY ABANDON TUBING REPAIR |
| 2 | SUBSEQUENT REPORT (Submit Original Form Only) | CHANGE TUBING CHANGE WELL NAME | PLUG BAC | ABANDON K | VENT OR FLARE WATER DISPOSAL |
| | Date of work completion: | CHANGE WELL STATUS COMMINGLE PRODUCING FORMATIONS | | ON (START/RESUME) | |
| | | CONVERT WELL TYPE | RECOMPL | ETE - DIFFERENT FORMATION | N |
| | | P and 64 psig SICP in August 20 30 day extension to finish up an e | | the Wasatch poten | tial in this well bore. COPY SENT TO OPERATOR |
| | | | | | |
| | | | | | Date: 1.28.2009 |
| | | | | | Initials: <u>KS</u> |
| NAM | ME (PLEASE PRINT) Alvin R. (A | AI) Arlian | | Landman - Reg | ulatory Specialist |
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See Instructions on Reverse Side)



FORM 9

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL GAS AND MINING

| | DIVISION OF OIL, GAS AND MINING | | | | | Fee | SE DESIGNATION AND SERIAL NUMBER: | |
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| | | | | | | | | T of CA AGREEMENT NAME: |
| Dor | Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals. | | | | | | | |
| 1. TY | 1. TYPE OF WELL OIL WELL GAS WELL OTHER | | | | | | | LL NAME and NUMBER: 7 12-23-44-16 |
| 2. N/ | AME OF OPERATOR: | | | | | | | NUMBER: |
| | during Resources, LLC | | | | | | | 4733489 |
| | DDRESS OF OPERATOR: 5 17th Street, Suite 1500 CIT | , De | nver STATE CO ZIP | 802 | 02 | PHONE NUMBER: (303) 350-5114 | | ELD AND POOL, OR WILDCAT: Springs |
| | OCATION OF WELL | ī | SIAIE ZIP | | | | | |
| FC | DOTAGES AT SURFACE: 1054" | FSL | - 1192' FEL | | U a | 等温度 | COUN | ry: Uintah |
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| | Approximate date work will start: | | CASING REPAIR | | NEW CONS | STRUCTION | | TEMPORARILY ABANDON |
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| | | | CHANGE TUBING | | PLUG AND | ABANDON | | VENT OR FLARE |
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| | Date of work completion: | $ \sqcup $ | CHANGE WELL STATUS | | PRODUCTI | ON (START/RESUME) | | WATER SHUT-OFF |
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| 12. | DESCRIBE PROPOSED OR CO | MPL | ETED OPERATIONS. Clearly show all p | ertine | ent details in | cluding dates, depths, volum | es, etc. | |
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| NAME | (PLEASE PRINT) Alvin R. (A | l) A | rlian | | | E Landman - Regu | latory | Specialist |
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| DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING | 5. LEASE DESIGNATION AND SERIAL NUMBER: Fee |
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| SUNDRY NOTICES AND REPORTS ON | WELLS 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A |
| Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for suc | -hole depth, reenter plugged wells, or to h proposals. 7. UNIT or CA AGREEMENT NAME: N/A |
| 1. TYPE OF WELL OIL WELL GAS WELL 🗹 OTHER | 8. WELL NAME and NUMBER: DWR 12-23-44-16 |
| 2. NAME OF OPERATOR: Enduring Resources, LLC | 9. API NUMBER: 4304733489 |
| 3. ADDRESS OF OPERATOR: 475 17th Street, Suite 1500 CITY Denver STATE CO ZIP 80202 | PHONE NUMBER: 10. FIELD AND POOL, OR WILDCAT: (303) 350-5114 Oil Springs |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 1054' FSL - 1192' FEL | COUNTY: Uintah |
| QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 16 12S 23E S | |
| 11. CHECK APPROPRIATE BOXES TO INDICATE NAT | UTAH |
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| | EW CONSTRUCTION TEMPORARILY ABANDON |
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| (Submit Original Form Only) | RODUCTION (START/RESUME) WATER SHUT-OFF |
| Date of work completion: | |
| 1/2/2009 | CLAMATION OF WELL SITE COMPLETE - DIFFERENT FORMATION COMPLETE - DIFFERENT FORMATION |
| DUE TO DWR DEC. 1 WILDLIFE RESTRICTION WELL HAS BE | etails including dates, depths, volumes, etc. |
| NAME (PLEASE PRINT) Alvin R. (AI) Arlian | TITLE Landman - Regulatory Specialist |
| SIGNATURE | DATE 1/2/2009 |
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| STATE OF UTAH | | | | | | FORM 9 | | | |
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| DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING | | | | | | | 5. LEA | SE DESIGNATION AND SERIAL NUMBER: | |
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| | AME OF OPERATOR: during Resources, LLC | <u> </u> | | | | | 1 ** / ** | NUMBER: 04733489 | |
| 3. AI | DDRESS OF OPERATOR: | | | ۰۸۲ | 202 | PHONE NUMBER: (303) 350-5114 | | ELD AND POOL, OR WILDCAT: Springs | |
| | 17th Street, Suite 1500 CIT | y Der | nver STATE CO ZIP | 002 | .02 | (303) 330-3114 | O II | | |
| | DOTAGES AT SURFACE: 1054' | FSL | - 1192' FEL | | | | COUN | тү: Uintah | |
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| | (Submit in Duplicate) | | ALTER CASING | | FRACTURE | TREAT | | SIDETRACK TO REPAIR WELL | |
| | Approximate date work will start: | | CASING REPAIR | | NEW CONS | STRUCTION | | TEMPORARILY ABANDON | |
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| | | | CHANGE TUBING | | PLUG AND | ABANDON | | VENT OR FLARE | |
| V | SUBSEQUENT REPORT | | CHANGE WELL NAME | | PLUG BACK | < | | WATER DISPOSAL | |
| | (Submit Original Form Only) | | CHANGE WELL STATUS | | PRODUCTION | ON (START/RESUME) | | WATER SHUT-OFF | |
| | Date of work completion: | | COMMINGLE PRODUCING FORMATIONS | | RECLAMAT | ION OF WELL SITE | Z | отнек: Well Status Report | |
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| 12. DU | | | ETED OPERATIONS. Clearly show all p | | | | | WINTER. | |
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STATE OF UTAH

| DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING | | | | | | 5. LEA | SE DESIGNATION AND SERIAL NUMBER: | |
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| SUNDRY NOTICES AND REPORTS ON WELLS | | | | | | 6. IF IN | IDIAN, ALLOTTEE OR TRIBE NAME: | |
| Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals. | | | | | | 7. UNI N/A | T or CA AGREEMENT NAME: | |
| 1. TYPE OF WELL OIL WELL GAS WELL OTHER | | | | | | ĺ | L NAME and NUMBER: R 12-23-44-16 | |
| 2. NAME OF OPERATOR: | | | | | | ľ | NUMBER: 4733489 | |
| 3. A | Enduring Resources, LLC 3. ADDRESS OF OPERATOR: 475 17th Street. Suite 1500 Denver CO 80202 PHONE NUMBER: (303) 350-5114 | | | | | | | ELD AND POOL, OR WILDCAT: Springs |
| | 475 17th Street, Suite 1500 OITY Denver STATE CO ZIP 80202 (303) 350-5114 Oil Springs | | | | | | | |
| F | DOTAGES AT SURFACE: 1054' F | FSL | - 1192' FEL | | | | COUNT | ry: Uintah |
| QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 16 12S 23E S STATE: | | | | | | | | |
| 11. | CHECK APPE | ROP | PRIATE BOXES TO INDICAT | EΝ | ATURE | OF NOTICE, REPO | RT, O | R OTHER DATA |
| | TYPE OF SUBMISSION | | | | | YPE OF ACTION | | |
| | NOTICE OF INTENT | | ACIDIZE | \vdash | DEEPEN | TOTAT | 닏 | REPERFORATE CURRENT FORMATION SIDETRACK TO REPAIR WELL |
| | (Submit in Duplicate) Approximate date work will start: | 片 | ALTER CASING | | FRACTURE NEW CONS | STRUCTION | | TEMPORARILY ABANDON |
| | Approximate date work will start. | 님 | CASING REPAIR CHANGE TO PREVIOUS PLANS | H | | ATOR CHANGE | | TUBING REPAIR |
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| سعا | (Submit Original Form Only) | | CHANGE WELL STATUS | \exists | PRODUCTI | ON (START/RESUME) | \Box | WATER SHUT-OFF |
| | Date of work completion: | ᇤ | COMMINGLE PRODUCING FORMATIONS | \Box | RECLAMAT | TION OF WELL SITE | <u></u> | отнек: Well Status Report |
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| 12. | 12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| M | ONTHLY WELL STATU | S R | EPORT: | | | | | |
| | This well shall continue | to l | be shut-in for the month of Ap | oril, 2 | 2009. | | | |
| 1. Enduring is preparing an "Action Plan" for this and other shut-in wells. | | | | | | | | |
| 2. By May 1, 2009, the Action Plan is to be submitted for the approval of the DOG&M. | | | | | | | | |
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| NAME (PLEASE PRINT) Alvin R. (AI) Arlian TITLE Landman - Regulatory Specialist | | | | | Specialist | | | |
| SIGNATURE DATE 3/30/2009 | | | | | | | | |
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| | DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MININ | IG | 5.LEASE DESIGNATION AND SERIAL NUMBER: FEE | | | |
| SUND | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: | | | | | |
| | sals to drill new wells, significantly deepen exisugged wells, or to drill horizontal laterals. Use a | | 7.UNIT or CA AGREEMENT NAME: | | | |
| 1. TYPE OF WELL Gas Well | | | 8. WELL NAME and NUMBER: DWR 12-23-44-16 | | | |
| 2. NAME OF OPERATOR: Enduring Resources, LLC | | | 9. API NUMBER: 43047334890000 | | | |
| 3. ADDRESS OF OPERATOR: 475 17th Street, Suite 1500, | | PHONE NUMBER: -5114 Ext | 9. FIELD and POOL or WILDCAT: OIL SPRINGS | | | |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 1054 FSL 1192 FEL | | | COUNTY: UINTAH | | | |
| QTR/QTR, SECTION, TOWNSHI Qtr/Qtr: SESE Section: 16 | IP, RANGE, MERIDIAN: Township: 12.0S Range: 23.0E Meridian: S | | STATE: UTAH | | | |
| 11. CHE | CK APPROPRIATE BOXES TO INDICATE N | NATURE OF NOTICE, REPORT, | OR OTHER DATA | | | |
| TYPE OF SUBMISSION | | TYPE OF ACTION | | | | |
| | _ ACIDIZE _ | ALTER CASING | CASING REPAIR | | | |
| NOTICE OF INTENT Approximate date work will start: | ☐ CHANGE TO PREVIOUS PLANS | CHANGE TUBING | ☐ CHANGE WELL NAME | | | |
| 7.pp. oznate une nom militaria | ☐ CHANGE WELL STATUS | COMMINGLE PRODUCING FORMATIONS | ☐ CONVERT WELL TYPE | | | |
| SUBSEQUENT REPORT Date of Work Completion: | ☐ DEEPEN ☐ | FRACTURE TREAT | ☐ NEW CONSTRUCTION | | | |
| 5/28/2009 | ☐ OPERATOR CHANGE | PLUG AND ABANDON | ☐ PLUG BACK | | | |
| SPUD REPORT | ☐ PRODUCTION START OR RESUME | RECLAMATION OF WELL SITE | RECOMPLETE DIFFERENT FORMATION | | | |
| Date of Spud: | ☐ REPERFORATE CURRENT FORMATION ☐ | SIDETRACK TO REPAIR WELL | TEMPORARY ABANDON | | | |
| | ☐ TUBING REPAIR | VENT OR FLARE | WATER DISPOSAL | | | |
| DRILLING REPORT Report Date: | ☐ WATER SHUTOFF ✓ | SI TA STATUS EXTENSION | APD EXTENSION | | | |
| | □ WILDCAT WELL DETERMINATION □ | OTHER | OTHER: Monthly Status Report | | | |
| 12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. 1. WELL SHUT-IN WAITING PLUGGING. 2. PURSUANT TO ACTION PLAN SUBMITTED TO DOG&M IN MAY-2009. 3. RECEIVED PLUGGING ORDERS Accepted by the APPROVAL FROM DOG&M IN MAY-2009. 4. PLAN TO PLUG THIS WELL AND Utah Division of FIVE OTHERS IN SEQUENCE COMMENCING IN JUNE-2009. Oil, Gas and Mining FOR RECORD May 28, 2009 NAME (PLEASE PRINT) PHONE NUMBER TITLE | | | | | | |
| NAME (PLEASE PRINT) Alvin Arlian | PHONE NUMBER 303 350-5114 | TITLE Landman-Regulatory | | | | |
| SIGNATURE N/A | | DATE 5/28/2009 | | | | |

| | | | FORM 9 | | |
|--|---|---------------------------------------|--|--|--|
| | STATE OF UTAH | | 1011.75 | | |
| | DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINI | | 5.LEASE DESIGNATION AND SERIAL NUMBER: FEE | | |
| SUNDF | ON WELLS | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: | | | |
| | sals to drill new wells, significantly deepen e gged wells, or to drill horizontal laterals. Use | | 7.UNIT or CA AGREEMENT NAME: | | |
| 1. TYPE OF WELL Gas Well | | | 8. WELL NAME and NUMBER: DWR 12-23-44-16 | | |
| 2. NAME OF OPERATOR: Enduring Resources, LLC | | | 9. API NUMBER: 43047334890000 | | |
| 3. ADDRESS OF OPERATOR: 475 17th Street, Suite 1500 , | Denver, CO, 80202 303 35 | PHONE NUMBER: 0-5114 Ext | 9. FIELD and POOL or WILDCAT: OIL SPRINGS | | |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 1054 FSL 1192 FEL | | | COUNTY: UINTAH | | |
| QTR/QTR, SECTION, TOWNSHI Qtr/Qtr: SESE Section: 16 | P, RANGE, MERIDIAN: Township: 12.0S Range: 23.0E Meridian: S | | STATE: UTAH | | |
| 11. CHE | CK APPROPRIATE BOXES TO INDICATE | NATURE OF NOTICE, REPORT, | OR OTHER DATA | | |
| TYPE OF SUBMISSION | | TYPE OF ACTION | | | |
| | ACIDIZE | ALTER CASING | CASING REPAIR | | |
| ☐ NOTICE OF INTENT | CHANGE TO PREVIOUS PLANS | CHANGE TUBING | CHANGE WELL NAME | | |
| Approximate date work will start: | CHANGE WELL STATUS | COMMINGLE PRODUCING FORMATIONS | CONVERT WELL TYPE | | |
| ✓ SUBSEQUENT REPORT | DEEPEN | FRACTURE TREAT | NEW CONSTRUCTION | | |
| Date of Work Completion: 6/30/2009 | OPERATOR CHANGE | PLUG AND ABANDON | PLUG BACK | | |
| | PRODUCTION START OR RESUME | RECLAMATION OF WELL SITE | RECOMPLETE DIFFERENT FORMATION | | |
| SPUD REPORT Date of Spud: | | SIDETRACK TO REPAIR WELL | _ | | |
| | TUBING REPAIR | _ | ☐ TEMPORARY ABANDON | | |
| DRILLING REPORT | | UVENT OR FLARE | ☐ WATER DISPOSAL | | |
| Report Date: | ☐ WATER SHUTOFF | SI TA STATUS EXTENSION | APD EXTENSION | | |
| | WILDCAT WELL DETERMINATION | OTHER | OTHER: Monthly Status Report | | |
| 12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. 6-30-2009 Waiting for third party plugging contractor to commence plugging six wells pursuant to Action Plan. Third party plugging contractor is completing plugging work for another operator in this same area. 1. **Crepted by the Utah Division of Oil, Gas and Mining FOR RECORD ONLY** **FOR RECORD ONLY** **DAME (PLEASE PRINT)** **PHONE NUMBER** **TITLE** **TITLE** **TITLE** **PHONE NUMBER** **TITLE** **TITLE** **PHONE NUMBER** **TITLE** **TITLE** **PHONE NUMBER** **TITLE** **TITLE** **PROPERTY OF TITLE** **PROPERTY OF TIT | | | | | |
| NAME (PLEASE PRINT) Alvin Arlian | PHONE NUMBER 303 350-5114 | TITLE Landman-Regulatory | Landman-Regulatory | | |
| SIGNATURE N/A | | DATE 6/30/2009 | DATE 6/30/2009 | | |

| | STATE OF UTAH | | FORM 9 | | |
|--|--|--|--|--|--|
| | 5.LEASE DESIGNATION AND SERIAL NUMBER: FEE | | | | |
| SUNDF | RY NOTICES AND REPORTS O | ON WELLS | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: | | |
| | sals to drill new wells, significantly deepen ex agged wells, or to drill horizontal laterals. Use | | 7.UNIT or CA AGREEMENT NAME: | | |
| 1. TYPE OF WELL | | 8. WELL NAME and NUMBER: DWR 12-23-44-16 | | | |
| 2. NAME OF OPERATOR: Enduring Resources, LLC | | | 9. API NUMBER: 43047334890000 | | |
| 3. ADDRESS OF OPERATOR: 475 17th Street, Suite 1500, | Denver, CO, 80202 303 35 | PHONE NUMBER: 0-5114 Ext | 9. FIELD and POOL or WILDCAT: OIL SPRINGS | | |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 1054 FSL 1192 FEL | | | COUNTY: UINTAH | | |
| QTR/QTR, SECTION, TOWNSHI Qtr/Qtr: SESE Section: 16 | (P, RANGE, MERIDIAN: Township: 12.0S Range: 23.0E Meridian: S | | STATE: UTAH | | |
| 11. CHE | CK APPROPRIATE BOXES TO INDICATE | NATURE OF NOTICE, REPORT, | OR OTHER DATA | | |
| TYPE OF SUBMISSION | | TYPE OF ACTION | | | |
| The location was rest the seed bed, the see the seed. The location recommended PLS pe to rocky location and 12#-Western Whe Grass, 18#-Russian and bag tags for the | □ CHANGE TO PREVIOUS PLANS □ CHANGE WELL STATUS □ DEEPEN □ OPERATOR CHANGE □ PRODUCTION START OR RESUME □ REPERFORATE CURRENT FORMATION □ TUBING REPAIR □ WATER SHUTOFF □ WILDCAT WELL DETERMINATION POMPLETED OPERATIONS. Clearly show all pertines are deed and cast over the seed become was seeded with the following acre were used because the seed was broadcast instead. 3#-Weat Grass, 6#-Indian Rice Grass will Rye, 12#-Crested Wheat seed will be kept in the Vernal Veclamation release has been manned. | on was disked to prepare ed and harrowed to bury ag seed mix. Double the seed could not be drill due yoming Big Sage Brush, s, 12#-Siberian Wheat Day Grass The Packing Slip Well File and available of the day of the second seco | Accepted by the Utah Division of Oil, Gas and Mining ate: December 08, 2009 | | |
| NAME (PLEASE PRINT) PHONE NUMBER TITLE | | | | | |
| Alvin Arlian SIGNATURE | 303 350-5114 | Landman-Regulatory DATE | | | |
| N/A | | 12/3/2009 | | | |

| | TE OF UTAH | | FORM 9 | | |
|--|---|---------------------------------|---|--|--|
| | OF NATURAL RESOURCES OIL, GAS, AND MINING | G | 5.LEASE DESIGNATION AND SERIAL NUMBER: FEE | | |
| SUNDRY NOTICES | | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: | | |
| Do not use this form for proposals to drill new we bottom-hole depth, reenter plugged wells, or to o DRILL form for such proposals. | | | 7.UNIT or CA AGREEMENT NAME: | | |
| 1. TYPE OF WELL | | | 8. WELL NAME and NUMBER: DWR 12-23-44-16 | | |
| 2. NAME OF OPERATOR: Enduring Resources, LLC | | | 9. API NUMBER: 43047334890000 | | |
| 3. ADDRESS OF OPERATOR: 475 17th Street, Suite 1500 , Denver, CO, 8020 | | PHONE NUMBER: 5114 Ext | 9. FIELD and POOL or WILDCAT: OIL SPRINGS | | |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 1054 FSL 1192 FEL | | | COUNTY: UINTAH | | |
| QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIA Qtr/Qtr: SESE Section: 16 Township: 12.0S R | | | STATE: UTAH | | |
| CHECK APPROPRIAT | E BOXES TO INDICATE N | ATURE OF NOTICE, REPORT, (| OR OTHER DATA | | |
| TYPE OF SUBMISSION | | TYPE OF ACTION | | | |
| | | ALTER CASING | CASING REPAIR | | |
| NOTICE OF INTENT Approximate date work will start: | | CHANGE TUBING | CHANGE WELL NAME | | |
| ✓ SUBSEQUENT REPORT ☐ DEEPEN | _ | COMMINGLE PRODUCING FORMATIONS | CONVERT WELL TYPE | | |
| Date of Work Completion: 11/21/2009 DEEPEN DEEPEN DEEPEN | _ | FRACTURE TREAT PLUG AND ABANDON | □ NEW CONSTRUCTION □ PLUG BACK | | |
| | | RECLAMATION OF WELL SITE | RECOMPLETE DIFFERENT FORMATION | | |
| ☐ SPUD REPORT Date of Spud: | | SIDETRACK TO REPAIR WELL | TEMPORARY ABANDON | | |
| ☐ TUBING REPAI | R 🗆 | VENT OR FLARE | WATER DISPOSAL | | |
| DRILLING REPORT Report Date: WATER SHUTOI | FF 🗆 | SI TA STATUS EXTENSION | APD EXTENSION | | |
| □ WILDCAT WELL | DETERMINATION | OTHER | OTHER: Additional seed mixes u | | |
| 12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. Two seed mixes used and requested by the DWR were not included in the prior reclamation sundry. The location was reseeded 11/21/2009. The location was disked to prepare the seed bed, the seed broad cast over the seed bed and harrowed to bury the seed. The location was seeded with the following seed mix. Double the recommended PLS per acre were used because the seed could not be drill due to rocky location and was broadcastelinstead. 3#-Wyoming Big Sage Brush, 12#-Western Wheat Grass, 6#-Indian Rice Grass, 12#-Siberian Wheat Grass, 18#-Russian Wild Rye, 12#-Crestetstelling. Wheat Grass, .6# - Shad Scale 12# - Four Wing Salt Brush, The Packing Slip and bag tags for the seed will be kept in the Vernal Well File and available on request. A surface reclamation release has been mailed to the surface owner (DWR). | | | | | |
| NAME (PLEASE PRINT) Alvin Arlian 303 350- | PHONE NUMBER | TITLE Landman-Regulatory | | | |
| SIGNATURE |)TT4 | DATE 12/8/2009 | | | |